

ANNUAL REPORT

— OF THE —

CANADIAN NATIONAL RAILWAY SYSTEM

FOR THE YEAR ENDED DECEMBER 31, 1934

McGill University
School of Commerce
Library

BOARD OF TRUSTEES

HON. CHARLES P. FULLERTON, K.C., CHAIRMAN

FREDERICK K. MORROW

J. EDOUARD LABELLE, K.C.

GENERAL OFFICERS

PRESIDENT	S. J. HUNGERFORD	MONTREAL
ASSISTANT TO PRESIDENT	E. P. MALLORY	MONTREAL
SECRETARY'S DEPARTMENT		
SECRETARY	R. P. ORMSBY	MONTREAL
ASSISTANT SECRETARY	W. H. HOBBS	MONTREAL
OPERATION AND CONSTRUCTION DEPARTMENTS		
VICE-PRESIDENT, WESTERN REGION	A. E. WARREN	WINNIPEG
VICE-PRESIDENT AND GENERAL MANAGER, CENTRAL REGION	W. A. KINGSLAND	TORONTO
VICE-PRESIDENT AND GENERAL MANAGER, ATLANTIC REGION	W. U. APPLETON	MONCTON
VICE-PRESIDENT AND GENERAL MANAGER, GRAND TRUNK WESTERN RAILROAD	C. G. BOWKER	DETROIT
VICE-PRESIDENT AND MANAGER, CENTRAL VERMONT RAILWAY	E. DESCHENES	ST. ALBANS
CHIEF ENGINEER, OPERATION	C. B. BROWN	MONTREAL
CHIEF ENGINEER, CONSTRUCTION	C. S. GZOWSKI	MONTREAL
CHIEF OF TRANSPORTATION	D. CROMBIE	MONTREAL
CHIEF OF MOTIVE POWER AND CAR EQUIPMENT	J. ROBERTS	MONTREAL
PURCHASING AND STORES DEPARTMENTS		
VICE-PRESIDENT	R. C. VAUGHAN	MONTREAL
PURCHASING AGENT	D. MCK. FORD	MONTREAL
MANAGER OF STORES	L. C. THOMSON	MONTREAL
FINANCIAL AND ACCOUNTING DEPARTMENTS		
VICE-PRESIDENT	D. C. GRANT	MONTREAL
COMPTROLLER	J. B. MCLAREN	MONTREAL
TREASURER	C. D. COWIE	MONTREAL
TRAFFIC DEPARTMENT		
VICE-PRESIDENT	ALISTAIR FRASER	MONTREAL
GENERAL FREIGHT TRAFFIC MANAGER	R. W. LONG	MONTREAL
GENERAL PASSENGER TRAFFIC MANAGER	C. W. JOHNSTON	MONTREAL
LEGAL DEPARTMENT		
ACTING CHIEF COUNSEL	E. E. FAIRWEATHER, K.C.	MONTREAL
GENERAL COUNSEL	R. H. M. TEMPLE, K.C.	MONTREAL
COMMISSION COUNSEL	I. C. RAND, K.C.	MONTREAL
EXPRESS DEPARTMENT		
GENERAL MANAGER	G. E. BELLEROSE	MONTREAL
CANADIAN NATIONAL TELEGRAPHS		
ASSISTANT VICE-PRESIDENT	D. E. GALLOWAY	TORONTO
HOTEL DEPARTMENT		
GENERAL MANAGER	J. VAN WYCK	OTTAWA
INDUSTRIAL AND NATURAL RESOURCES DEPARTMENT		
ACTING MANAGER	C. S. GZOWSKI	MONTREAL
BUREAU OF ECONOMICS		
DIRECTOR	S. W. FAIRWEATHER	MONTREAL
GENERAL PUBLICITY DEPARTMENT		
DIRECTOR	W. S. THOMPSON	MONTREAL
DEPARTMENT OF PERSONNEL		
CHIEF OF PERSONNEL	A. J. HILLS	MONTREAL
COLONIZATION AND DEVELOPMENT DEPARTMENT		
DIRECTOR	DR. W. J. BLACK	MONTREAL
MEDICAL DEPARTMENT		
CHIEF MEDICAL OFFICER	DR. J. MCCOMBE	MONTREAL
EUROPEAN MANAGER		
EUROPEAN SECRETARY AND TREASURER	P. A. CLEWS	LONDON
EUROPEAN SECRETARY AND TREASURER	A. H. CONEYBEARE	LONDON

CANADIAN NATIONAL RAILWAYS

Montreal, Que., March 12th, 1935

The Honourable R. J. Manion, M.D., M.P.,
Minister of Railways and Canals,
Ottawa, Ontario.

Sir:

In conformity with sections 14 and 15 of The Canadian National—Canadian Pacific Act, 1933, we have the honour to submit the following report to Parliament:

RESULT OF OPERATIONS

	1934	1933	Increase or Decrease
Operating Revenues.....	\$164,902,501.66	\$148,519,742.43	\$16,382,759
Operating Expenses.....	151,936,078.56	142,812,559.22	9,123,519
Net Operating Revenue.....	\$12,966,423.10	\$5,707,183.21	\$7,259,240
Net of Taxes, Rentals and Other Cash Requirements.....	5,562,577.95	8,197,145.04	2,634,567
Net Available for Interest.....	\$7,403,845.15	\$2,489,961.83	\$9,893,807
Interest on Funded Debt held by Public.....	55,811,745.85	56,465,426.58	653,681
Cash Deficit.....	\$48,407,900.70	\$58,955,388.41	\$10,547,488

Operating Revenues

Gross operating revenues for 1934, compared with the preceding year, show an increase of \$16,382,759, or 11.0%. The Canadian National Railways has obtained its fair share of the additional business available. The patronage given by the public generally is highly gratifying and we look forward to a continued improvement in the volume of traffic handled. It should be pointed out, however, that the revenues in 1934 were 91 million dollars, or $1\frac{3}{4}$ million dollars per week, less than the average of the ten years 1923-1932 and, whilst progress was made during 1934, the low volume of business continues to be the greatest adverse factor in our transportation problem.

The increase of 11.0% in gross revenue on Canadian National Railways compares with an average increase of 5.7% on United States Class 1 railroads.

Freight revenue increased 12.3%. There was an increase in tonnage on every region and an increase in every major group of commodities. We had particularly gratifying increases in the movement of automobiles, auto bodies and parts, forest products, paper and pulp, coal and coke. The grain crop in Western Canada was below average due to drought conditions, grasshopper damage and early frost, and as a result we again had a disappointing movement from interior points, the tonnage moved being about the same as in 1933. The railways by rate concessions have continued to contribute in a substantial measure to the relief of distress in the various parts of the country. Activities of unregulated competitors have continued and increased. In addition to the direct loss of traffic, these activities have necessitated the establishment of water and motor truck competitive rates thereby seriously affecting our revenue.

Passenger revenue increased 8.6%, and this increase was accomplished with less passenger train mileage than was operated in 1933. The increase was due to improvement in business conditions generally. Low fare coach excursions, operated on non-competitive programmes arranged co-operatively with the Canadian Pacific Railway, were continued with satisfactory results. We continued throughout the year the reduced fares for the transportation of the unemployed to and from Government Relief Camps, and towards the close of the year, in co-operation with Federal and Provincial Governments, authorized reduced fares on one-way intraprovincial movements of unemployed to farms and settlement areas.

As indicative of the low cost of railway travel, it might be mentioned that the average fare on the Canadian National Railways in 1934 was $2\frac{1}{4}$ cents per mile.

A detailed classification of the gross revenue appears on page 16, and details of revenue freight tonnage are given on pages 29 and 30.

Operating Expenses

Operating expenses, compared with the preceding year, show an increase of \$9,123,519, or 6.39%. Whilst the increased passenger traffic was taken care of with slightly less passenger train mileage, the increase of 12.12% in revenue ton-miles necessitated additional freight train service to the extent of 11.2%,

2,491,146 additional freight train miles having been required to handle the increased business. The following is a comparison of operating expenses by general accounts:—

	1934	1933	Inc. or Dec.	%
Maintenance of Way & Structures.....	\$33,544,107	\$30,381,972	\$3,162,135	10.41
Maintenance of Equipment.....	32,574,793	30,610,987	1,963,806	6.42
Traffic.....	4,787,011	5,006,239	219,228	4.38
Transportation.....	72,754,823	68,540,471	4,214,352	6.15
Miscellaneous.....	1,008,737	1,000,502	8,235	.82
General.....	7,660,580	7,569,753	90,827	1.20
Transportation for Investment—Credit.....	393,973	297,365	96,608	32.49
Total.....	\$151,936,078	\$142,812,559	\$9,123,519	6.39

The increase in Maintenance of Way & Structures was chiefly due to the increased budget for renewal of rails and fastenings, ballast, and telegraph lines. The severe weather conditions encountered in the earlier part of the year resulted in an increased expenditure of approximately \$400,000 in combatting snow and ice conditions, the total for 1934 being upwards of \$2,000,000.

The increase of 6.42% in Maintenance of Equipment expenses was occasioned by the increased traffic.

Traffic solicitation expense decreased 4.38% notwithstanding an increase of 11.0% in the total traffic earnings of the railway.

Transportation expenses increased 6.15%. The increased freight train service, together with an increase in the price of fuel, are the main reasons for the increased transportation costs. The expenditure on locomotive fuel increased from \$12,624,553 in 1933 to \$14,705,092 in 1934, an increase of \$2,080,539 or 16.5%. Three-quarters of this increase was due to increased consumption and one-quarter to increased price.

The following averages indicate a continued improvement in freight service operation:—

	1934	1933
Gross Tons per Freight Train.....	1,535	1,512
Net Tons per Freight Train.....	642	632
Gross Ton-Miles per Freight Train Hour.....	24,000	23,960

Due to the extremely severe weather conditions encountered during January and February, fuel consumption was unusually heavy with the result that the record for the entire year fell slightly below that for 1933, pounds of coal consumed per thousand gross ton-miles having increased from 118 in 1933 to 120 in 1934, an increase of 1.7%.

The increase in general expenses is more than accounted for by the increased cost of pensions, \$320,000.

Net Operating Revenue

The additional \$16,382,759 of gross revenue has produced an increase of \$7,259,240 in net revenue, or 44.3%, which may be considered satisfactory. The operating ratio was reduced from 96.16% to 92.14%. Evidence of the measures instituted to offset the effect of the depression may be had by a comparison with the year 1931. The net revenue in 1934 is \$11,774,256 better than in 1931 although gross revenue was \$35,602,661 less.

Taxes, Rentals, etc.

The total taxes charged in 1934 for rail lines, hotels, land and separately operated properties was \$6,164,225, compared with \$6,139,174 in 1933. This is exclusive of sales tax which is added to the cost of material and which in 1934 cost the railway approximately \$1,075,000.

The purchase of New York and Sterling exchange cost \$1,437,000 less than the previous year. Dividends from controlled and affiliated companies exceeded those for 1933.

Fixed Charges to the Public and Net Income Available

After payment of taxes, rentals and all other cash requirements, the amount available for interest was \$7,403,845 as compared with a deficit of \$2,489,962 in 1933, an improvement of \$9,893,807. Interest on funded debt held by the public was \$55,811,745 as compared with \$56,465,426, a decrease of \$653,681. A schedule of the principal outstanding at the end of the year and the interest accrued for the year will be found on pages 23 and 24.

Cash Deficit

The amount of cash required on Deficit Account by the Railway for the calendar year 1934 is \$48,407,900. The amount is \$10,547,488 less than in 1933. It is lower by \$432,398 than the Budget Estimate of \$48,840,298 submitted to Parliament by the Trustees at the beginning of the year. It should be noted that in the detailed accounts of the Railway submitted herewith there are included charges for depreciation accruals on lines in the United States, amortization of discount on Funded Debt, and capital losses on physical property permanently retired from service, not to be replaced. Such charges are excluded in compiling the cash requirements for the year as required by Act, Chapter 28, 1934.

CAPITAL EXPENDITURES

The authorized expenditures for the year 1934 were \$4,202,007, of which \$316,900 was for Acquisition of Securities and \$3,885,107 for General Additions and Betterments, less retirements.

Acquisition of Securities

The amount of \$316,900 authorized under this heading was intended to cover our proportion of capital expenditures to be made on lines jointly owned with the Canadian Pacific Railway, viz.: Northern Alberta Railways and Toronto Terminals Railway, against which amounts the subsidiary companies issue their bonds to the two parent companies. Capital expenditures on the two railways referred to were curtailed and no amounts were advanced to them by the National Railways during the year, and therefore no portion of this authorization has been utilized.

Additions and Betterments—less retirements

The total authorized was \$3,885,107, of which \$1,595,000 was to pay for 500 Gondola cars acquired by the Railway during 1933 and charged to Investment Account in that year, leaving an amount of \$2,290,107 for 1934 expenditures.

The actual figures compared with the Budget were as follows:—

	Budget	Actual
Additions and Betterments.....	\$7,562,107	\$4,427,878
Equipment Retirements.....	5,272,000	5,443,766
	<u>\$2,290,107</u>	<u>\$1,015,888</u>

The addition and betterment expenditures were less than the Budget authority because expenditures were confined to those essential for safety of operations or necessary to comply with the requirements of regulatory bodies.

FINANCE

Retirement of Obligations

The authorized expenditures for the retirement of obligations for the year 1934 were \$12,185,828. The actual requirements were \$10,170,618. The authorized amount included 2 million dollars payable into sinking funds under the provisions of the trust agreements securing certain of our outstanding bond issues. The sinking fund payments may be utilized only for the purpose of purchasing the relative bonds if the current market price is not in excess of par. As market prices held above par throughout the year no portion of the 2 million dollars was required.

Refunding of Obligations

Part 2 of Act, Chapter 28, 1934, makes provision for the refunding of certain securities described in the Schedule to the Act, including,

\$17,060,333.33	Canadian Northern Railway Company 4% Guaranteed Debenture Stock and Bonds maturing September 1, 1934 and
3,510,250.00	Great Northern Railway of Canada 4% First Mortgage Gold Bonds maturing October 1, 1934.
<u>\$20,570,583.33</u>	

Under authority of the said Act an issue was made of \$20,500,000 Canadian National Railway Company 3% 16-Year Callable Guaranteed Bonds dated December 15th, 1934. The issue was sold at a price of 98.75 representing an annual cost of 3.10% net to the Company. The balance necessary to retire the maturing securities was provided from Working Capital.

This refunding transaction results in an annual economy of \$187,000. The cost to the Company of the new securities issued is the lowest in the history of the Railway.

Callable Securities

Apart from securities of the Railway which are due for redemption during 1935, there are several issues which are callable during the year. If these or a portion of them could be refunded under present market conditions a considerable annual saving in interest would be effected. The Trustees have submitted the matter to the Government for consideration.

Loan under United States N.R.A.

Under the provisions of the U. S. National Industrial Recovery Act and through agreement between the U. S.—Federal Emergency Administrator of Public Works—and the Grand Trunk Western Railroad, there was received during the year by the Railroad Company an amount of \$250,000 for the purchase of Rails and Fastenings and installation thereof, the amount being repayable over a period of ten years; without interest the first year and with interest at 4% per annum during the remaining nine years. The amount was financed through the issue of 4% Registered Serial Notes dated June 27th, 1934, maturing by January 1st, 1944—first serial payment due January 1st, 1937—registered in the name of and payable to the Administrator as authorized by the Interstate Commerce Commission. Payment of the Notes was guaranteed by Canadian National Railway Company.

CO-OPERATIVE MEASURES, PLANS AND ARRANGEMENTS BY C.N.R. AND C.P.R.

One of the first matters to which the Trustees directed their attention after assuming office was the furthering of co-operation between the Canadian National Railways and the Canadian Pacific Railway in terms of the Act of 1933, and proposals to that end have been considered and discussed continuously and extensively throughout the year under review. Both railway companies have been fully appreciative of the importance of the subject, and have adopted what is thought by each to be the best means for its study. Recognizing that a vast amount of detailed information would require to be collected in order to deal with proposed co-operative measures, and in order that the problems inherent in these might be dealt with in a logical and orderly manner, consideration was given to the development of an organization for controlling and directing their study. To this end a Joint Executive Committee was constituted consisting of three Directors of the Canadian Pacific Railway and the three Trustees of the Canadian National Railways. Authority for the study of proposed co-operative measures proceeds from this Joint Executive Committee, and such co-operative measures as are agreed upon are subsequently ratified by their respective companies.

In order to ensure the accurate preparation and assimilation of details and continuity of consideration of proposals, advantage was taken of the existence of a further committee consisting of three technical officers from each company, and this committee, designated the Joint Co-operative Committee, was empowered to investigate the details of such co-operative measures as might be referred to it by the Joint Executive Committee. In addition the Joint Co-operative Committee from time to time appointed special committees to deal with particular and intricate questions involved in co-operation, and these special committees were authorized to organize local sub-committees whose knowledge was considered of advantage in their deliberations. Thus there was set up an efficient machine consisting of a Joint Executive Committee responsible for direction, policy and final decision, and subordinate committees whose duty it was to provide technical information and to overcome, so far as possible, technical difficulties which might arise in the consideration of proposals.

Co-operative economies consist broadly of two types, one requiring considerable expenditure of money for changes in the physical property and frequently the abandonment of existing facilities, and the other entailing little or no outlay for changes and involving no physical abandonments. Immediate economies cannot be expected from the first type of co-operative undertaking, and it was therefore to the second, as exemplified by the elimination of duplicate competitive passenger train services, that special attention was directed. Prior to January 1st, 1934, some progress had been made in eliminating duplicate services by a pooling agreement, but the Trustees learned on assuming office that attempts to extend this pooling arrangement had not been successful.

During the year it proved possible to extend the passenger train pooling arrangement to cover all the duplicate competitive services Quebec-Montreal, Montreal-Toronto and Toronto-Ottawa. Studies leading to the possible extension of the passenger train pooling arrangement to other territories are in progress.

While the study of other co-operative measures has been delayed in order that full attention might be given to passenger train pooling, a considerable number of co-operative measures have been agreed to and,

as stated, a large number are at present in course of study. A list of co-operative undertakings which have been made effective and the estimated joint economies from them are as follows:—

Project	Estimated Yearly Economy
Joint car cleaning at Quebec.....	\$17,736
Joint passenger and freight stations at Gladstone, Man.....	2,800
Joint car cleaning and repairs at Saint John, N.B.....	10,163
Limited pool of passenger trains Ottawa-Toronto, Montreal-Toronto.....	(a)
Hauling of freight by one company for the other Edmonton and Calgary to Kamloops.....	60,000
Joint switching Portage la Prairie.....	7,500
Joint passenger and freight stations at Fredericton, N.B.....	8,895
Hauling of freight by one company for the other Fredericton to Vanceboro.....	9,000
Hauling of freight by one company for the other, providing for freight interchange at Lower Sherbrooke instead of Lennoxville.....	4,416
Extension of limited pool Quebec-Montreal day and night services; Montreal-Toronto day and night services; Ottawa-Toronto services.....	972,000
	(Includes "a" above)

Co-operative undertakings which have received the approval of the Joint Executive of the two properties but which have not as yet been made effective are as follows:—

Project	Estimated Yearly Economy
Joint passenger station, North Bay.....	\$33,400
Joint switching Toronto area.....	16,430

In addition to the above, approval of the Joint Executive has been given for the abandonment of 538 miles of functionally duplicate lines, of which 296 are Canadian National and 242 Canadian Pacific.

Projects for the abandonment of functionally duplicate lines of the two properties will require the approval of the Board of Railway Commissioners, and steps are being taken to prepare data for the necessary applications.

The reports of the Joint Co-operative Committee on these abandonment projects are sufficiently detailed to permit the Joint Executive to reach a decision on the merits of the case. There still remains, however, a volume of preparatory work before the actual abandonment can be carried out.

First it is necessary to make all the engineering arrangements for the connections between the properties and the rearrangement of facilities to be jointly used. This requires careful detailed study including the preparation of plans and estimates.

Then ways and means must be developed for adjusting, so far as possible, the disturbance to railway labour caused by the abandonment. This is a particularly difficult problem on account of the complicated system of local seniority rights, which forms part of the agreements with organized labour.

Also there is the advice to communities affected and the preparation of data to support application to the Board of Railway Commissioners as provided for in the Canadian National-Canadian Pacific Act.

At the same time consideration must be given to the abandonment as affecting property pledged under mortgage trust agreements.

Finally there is the preparation of an agreement between the two companies providing for the joint use of the remaining line on terms which will ensure an equitable division of burden and advantage as is contemplated in the Act.

As regards this latter feature, the broad principles which should govern the preparation of agreements have been developed by the Joint Co-operative Committee and have been approved by the Joint Executive Committee. A committee of legal, operating, engineering, traffic and accounting officers of the two companies is at present engaged in developing standard forms of agreement in accordance with these principles. Progress on these various features is being made as quickly as the difficult nature of the problem permits.

Joint examination of many projects, which superficially appeared capable of yielding co-operative economies, showed that the economies to be derived are not commensurate with the capital expenditures necessary to bring them about, or that under present conditions no economy would result, a condition fundamentally due to the fact that measures already taken individually by each railroad to meet the conditions imposed by the depression had curtailed services to an irreducible minimum.

Studies have also been in progress with regard to the possibility of consolidating the telegraph properties and the Express Departments of the two systems. Legal difficulties have developed in attempting to work out a plan of consolidation of the telegraph properties. The chief legal difficulty is in connection with the leasehold of the Montreal Telegraph Company's lines, which expires in 1978. As regards the consolidation of the Express Departments of the two companies, the Canadian National is by no means convinced that maximum economy and convenience to the public would result from such action. Studies are presently in

hand to determine whether an internal consolidation of the express and L.C.L. freight facilities would not yield greater economy and present a more effective front to highway competition than a consolidation of the express departments of the two properties.

The Act of 1933 provides for the constitution of Tribunals, presided over by the Chairman of the Board of Railway Commissioners for Canada, to which shall be submitted for adjudication and determination any disputes which may arise between the two railway companies, and in the course of the year under review there was an occasion when it might have been proper to apply for the intervention of such a Tribunal. The Trustees felt, however, that during their first year of office as much ground as possible towards the maximum of co-operation should be covered between the two railway companies without outside intervention, and that recourse to such Tribunals should only be had when it developed beyond question that no further progress could be made by continued negotiations between the companies themselves; even then there had to be kept in mind the effect which such recourse might have on other matters regarding which discussions were proceeding or might be instituted. While anxious that progress towards the ends contemplated by the Act should be made with all possible speed, it was the view of the Trustees that, even at the expense of some delay, results accruing from the amicable adjustment of such differences, if such could be obtained, would in the end be better for all parties, and for the whole scheme of co-operation, than would those which followed a hearing by and an order of a Tribunal. Due allowance must be made for the difference of viewpoint of each company and for the fact that in any given matter the difficulties confronting one company are not necessarily the same as those facing the other, and that even where they are the same they may easily differ in degree. There is the further consideration that while certain co-operative measures were mutually agreed on in 1933, these were comparatively free from controversial features, and that each extension of co-operation must necessarily be accompanied by problems of increasingly delicate and intricate nature which require for their solution the utmost of patience and good will. These problems are inherent in any plan of joint action and, of course, do not diminish the benefits which such a plan seeks to achieve.

Impressed as they are with the extent of these benefits when obtained, and earnest in their desire to achieve them if at all possible by amicable and free discussion, it is the intention of the Trustees to continue the consideration of proposals presently pending along the lines which both companies have mutually agreed upon—with the hope that the necessity of reference to Tribunals may either be eliminated or, if they require to be made, may be confined to the smallest number possible.

GENERAL

Proposed Abandonment of Light Traffic Branch Lines

Simultaneously with the studies being made jointly with the Canadian Pacific Railway of co-operative measures to effect economies, the Canadian National Railways has been studying proposals for the abandonment of light traffic branch lines in various sections of the country.

The abandonment of railway mileage involves many considerations. Parliament has provided that before the operation of any line may be abandoned the approval of the Board of Railway Commissioners must first be obtained.

Applications to the Board have been filed for leave to abandon the operation of 24 lines of railway involving 547 miles of line and a number of other projects are under consideration.

Hotels

At the date of our taking office the Canadian National had an investment in fifteen hotels and summer resorts of 34.6 millions, including two hotels still under construction, one at Saskatoon and the other at Vancouver. Since consolidation in 1923 the hotels of the system failed by 2.6 millions to earn their working expenses and taxes quite apart from any return on the capital investment.

It is encouraging to note that net income from hotel operations in 1934 improved by \$213,600. The operating surplus, i.e., total revenue less expenses and taxes, was \$37,017. This is the first year since consolidation that our hotels have produced an operating surplus.

Prince Boats

Pursuant to arrangements made towards the end of 1933, it was decided to operate the "Prince David" in the Miami-Nassau service. Between January and April, 1934, the vessel made 43 trips resulting in an operating loss. Apart from this service the three vessels were tied up throughout the year. Negotiations were entered into for charter parties or for sale but no proposals were received which the Board of Trustees would be justified in accepting.

During 1935 it is intended to run the "Prince Robert" on special cruises from Vancouver to Skagway, Alaska, via Sitka and the Taku Glacier during June, July and August.

Wage Agreements

Under arrangements reached some time previously with representatives of the labour organizations, rates of pay for practically all classes of railway employees in Canada were during 1934 on a scale 15% below basic rates established in pre-depression years. These agreements, however, contemplated changing this deduction from 15% to 10% during the last quarter of the year.

Feeling that a 5% restoration towards basic rates was more than the slightly improved conditions warranted, the railways gave notice, as provided for in the agreements, that they could not agree to such a change, but following negotiations, which extended over a month, a general agreement was reached on November 3, 1934, that commencing with January 1935 the 15% deduction from basic rates would be decreased to 12% and that on May 1, 1935, the deduction should be 10%, with provision that notice of desire to change the latter percentage could be given after July 1, 1935. Some exceptions were made for classes working on a reduced time basis or subjected to other deductions. Corresponding adjustments have been authorized for non-schedule employees. Based on employment figures for 1934 the authorized adjustments will add 3.9 millions to the 1935 payroll.

On our United States lines, under an arrangement effected with all railways, the wages of all employees, which were subject to a general 10% deduction, are being restored progressively towards basic rates. A 2½% restoration was made effective July 1, 1934. A further 2½% restoration took effect January 1, 1935, and on April 1, 1935, the remaining 5% will be restored, thus restoring basic rates of pay. Based on employment figures for 1934 the authorized adjustments will add 1.2 millions to the 1935 payroll.

On our Canadian and United States lines combined the adjustments will add 5.1 millions to the payroll.

Reductions in official salaries remain unchanged.

Pension Plans

During the year the Canadian National Pension Fund, authorized by 19-20 George V, Chap. 4, which is generally applicable to Canadian National employees who are not members of the Grand Trunk Railway of Canada Superannuation and Provident Fund (closed to new members 1908) or the Intercolonial and Prince Edward Island Railways Employees' Provident Fund (closed to new members August 7, 1929), was revised and placed on a new basis which includes the principle of contribution by employees. The revised rules and regulations were made effective January 1, 1935, but pensions granted prior to that date are not affected.

Pension rights which had accrued to employees prior to January 1, 1935, are preserved in the form of a service pension, the amount of which is determined by the employee's allowable service up to January 1, 1935, and by the employee's best 10 consecutive years' compensation for any period prior to the same date. This service pension becomes payable upon retirement if the service requirements are fulfilled. Employees having less than 10 years' service at January 1, 1935, and future employees become entitled to a basic pension of \$300 per year if the service requirements are fulfilled. The service pension and the basic pension are payable entirely at the expense of the Company.

The new plan then makes provision as an addition to the service or basic pension referred to for supplemental annuities which the employee may obtain by voluntary contribution of any percent of employee's compensation up to 10%, the Company undertaking to credit the employee with an equal amount up to 5%, and to accrue interest on both amounts compounded yearly. A limitation is placed upon the Company's portion of the supplemental annuity by a provision that the service or basic pension, together with a simple annuity purchasable from the Company's contributions shall not exceed 40% of the employee's best average compensation in any 10 consecutive years, but this restriction does not operate to reduce a service pension which may be in excess of 40% arising out of employees having had more than 40 years' service at January 1, 1935.

Employees' funds and accrued interest thereon are kept by the Company in a trust fund and are invested in Dominion Government Securities. Upon retirement these funds and the amount credited to the employee by the Company are to be used for the purchase from the Company of an annuity calculated on an actuarial basis. In the event of the employee dying before pension age or leaving the service, all the contributions made by him are returned with the accruals of interest.

The rate at which interest shall accrue upon contributions is subject to modification at 3 year intervals, but shall not be lower than ¼% below the yield of Dominion of Canada bonds of not less than 20 years' maturity.

The annuity tables used by the fund require the approval of the Insurance Department of the Dominion Government.

Retirement is compulsory at age 65 for all employees pensionable under the plan. The Trustees, however, may retain in the service beyond that age any executive officer of the standing of a Divisional Superintendent, or higher, or any technical or professional officer whose continuance in the service is deemed to be

in the best interests of the Company, but all accruals of pension benefits by the Company cease at age 65. Provision is made for the retirement of employees having the requisite qualifications who may have attained the age of 60 years or more and have become physically or mentally incapacitated.

The plan provides that pensions may take the form of joint and survivor annuities in the name of the retired employee and an approved dependent, and also in the form of annuities guaranteed for a stipulated number of years. Annuities in these forms are to be the equivalent on an actuarial basis of the individual pension.

Representatives of the employees were consulted during the revision of the plan and have expressed their approval of it.

The fund is administered by a pension board of 7 members, 4 of whom are officers of the Company, and 3 are elected from time to time from the ranks of officers of the recognized labour organizations. The Vice-President of Finance of the Company is a member of the board and is the permanent chairman of it.

The revised plan will reduce the cost of pensions to the Company.

The Congress of the United States has also made provision for a retirement system for railroad employees and passed an act known as the "Railroad Retirement Act," the effective date of which was August 1, 1934. The retirement age is 65. Briefly the plan is on a contributory basis, the employee contributing 2% of his wages and the railroad 4%.

On October 30, 1934, the courts declared the Act to be unconstitutional and invalid. An appeal is pending before the Supreme Court of the United States. For the time being the Canadian National Railways has undertaken to continue the payment of pensions to employees who were pensioned before the Act came into force and is making temporary gratuitous allowances to those employees who retired from service subsequent to the effective date of the Act and who would have been entitled to pensions under the old Canadian National Pension Plan. Canadian National employees who are subject to the U. S. Railroad Retirement Act are excluded from the Canadian National Pension Plan.

Obsolete Equipment

The Trustees have had under review the advisability of authorizing an exceptional programme of equipment retirements. The President has submitted a report in which he calls attention to the changed conditions brought about by various factors, including highway competition, the extreme length of the depression, co-operative measures with the Canadian Pacific Railway and more stringent interchange privileges with other railways, all tending to accelerate the exhaustion of service life by reason of obsolescence as distinguished from depreciation or wear and tear. The President recommends the demolition of a large number of units of rolling stock equipment which will never again be required for service, or permitted in interchange.

The special retirement programme is not to be taken as a departure from the normal practice of keeping equipment in class, which is accomplished in a gradual manner, partly by the modernization of existing units where such can be shown to be economical, and partly by the retirement of worn out equipment and its replacement with new units, but is to be considered as providing for an abnormal situation, created by the conditions referred to.

From January 1, 1923, the policy has been to scrap such equipment as has been worn out and could not economically be restored to service, the resulting loss being charged to operating expenses. During the depression years, notwithstanding the urgent need to reduce operating expenses wherever possible, no departure from the usual practice has been permitted; in fact the values retired, 1931-1934, have materially exceeded those of the pre-depression years.

The abnormal situation is not peculiar to the Canadian National Railways. The railways of the United States have faced a similar problem. The latest figures we have show that United States lines have retired 375 millions of equipment under such special programmes during the last four years.

The matter is receiving the careful consideration of the Trustees.

The Canadian National Railways will also have to face capital loss if as and when they are authorized to abandon thin traffic branch lines and other lines which are functionally duplicate as between the Canadian National and the Canadian Pacific. These abnormal retirements of property do not involve present cash outlay (except for salvage operations where the salvage should exceed the cost of demolition). They are losses of a capital nature to be dealt with separately and distinct from operating charges, but the Trustees feel it proper for them in their first year of office to call attention to some of the major problems which the Canadian National Railways must face in common with other railways.

Toronto Suburban Railway—In Receivership—Settlement with Debenture Stockholders

During the year, under agreement between Canadian National Railway Company and the Trustees for the Debenture Stockholders, arrangements were concluded whereby Canadian National Railway Company would redeem Toronto Suburban Railway Company's outstanding Debenture Stock at 25% of its face value, paying in addition the expenses of the Trustees and of the Receiver, and receiving in return the physical assets of the Company, together with cash and securities in the hands of the Trustees. To December 31 over 95% of the outstanding Debenture Stock has been redeemed.

The expenditure in this connection authorized by Parliament in Canadian National 1934 Budget was \$500,298 and the estimated net cost to Canadian National to December 31, 1934, charged to profit and loss was \$433,842.

Other Matters

Through the Colonization and Agricultural Department and the Provincial Governments the Company has continued to promote the settlement of unoccupied lands adjacent to its lines. The development and utilization of all available land is of great importance to the future revenue-producing possibilities of many of our lines. During the year a total of 2,963 agricultural families were settled on 335,126 acres of land. This development was influenced by the return to the land of a large number of families from urban areas, the Company actively co-operating with the Provincial authorities to secure the best results.

In our agricultural development work, the department has concentrated on fostering agricultural projects of a constructive character calculated to stimulate production and hence freight traffic.

The year 1934 showed an improvement in the establishment by private capital of new or extension of existing industries along the lines of the Canadian National Railways.

Notwithstanding some increase in the cost of material and the increase in the business of the Railway, close supervision has resulted in a reduction of material stocks from \$28,542,597 to \$25,895,061.

Since taking office the Trustees have made a complete revision of the By-laws of the Company to bring them into conformity with the new form of administration.

The Trustees have utilized whatever time was available to examine the property entrusted to them for administration. All regions, including the lines in the United States, were inspected. The total mileage made exceeded 30,000 miles. Visits were made to a number of the important industries served by the System, delegations were received at numerous points and personal contacts made with the officers and employees. These inspection trips have definite advantages and will be continued during the present year.

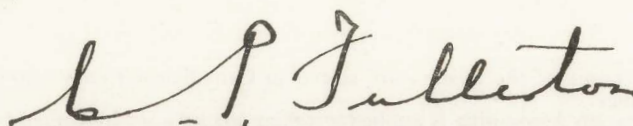
It is fitting to refer to the death on November 11, 1934, of Sir Donald Mann who was associated with the construction and development of The Canadian Northern Railway.

During the year studies have been made in numerous directions in the effort to secure the maximum economy in the operation of all departments. The severe decline in gross revenue had made it imperative that all opportunities for economy be closely examined and re-examined and the drastic curtailment of all expenditures effected prior to 1934 testifies to the vigorous steps taken. Further economies necessarily became difficult to secure, if the efficiency of the service was to be maintained.

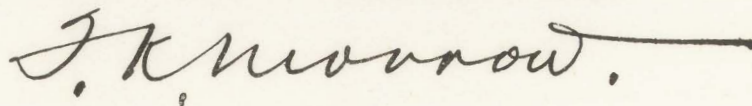
A Department of Personnel was established to bring together such matters as wage agreements and adjustments, employment and service conditions. During 1934 surveys were made of all departments with the object of furnishing the Trustees data as to departmental functions, personnel and costs, resulting in certain changes in organization and substantial economies.

The policy of the Trustees must, of necessity, continue to be one of rigid economy, consistent with safe operation and service to the public, and in this policy they are being wholeheartedly supported by the President, the officers and the men. Throughout the organization there is a real understanding of the problem created by the excessively low level of traffic in the operation of the Railway and every effort is being made to produce the greatest amount of net available for fixed charges. In 1934 with an increase in gross revenue of \$16,382,000 the cash deficit was reduced by \$10,547,000.

The Trustees desire to express their appreciation of the support given to Canadian National Railways by the public during the year 1934 and to acknowledge the loyal and efficient service rendered by the officers and employees under very exacting conditions.



Chairman of the Trustees.



Trustee.



Trustee.

CONSOLIDATED BALANCE SHEET

ASSETS			
INVESTMENTS:			
Investment in Road and Equipment.....		\$2,127,430,584.50	
Improvements on Leased Railway Property.....		3,807,673.67	
Sinking Funds:			
System Securities at par.....	\$11,400,641.98		
Other Assets at Cost.....	12,459,723.24	23,860,365.22	
Deposits in lieu of Mortgaged Property Sold:			
System Securities at par.....	\$736,000.00		
Other Assets at Cost.....	4,466,561.12	5,202,561.12	
Miscellaneous Physical Property.....		60,404,737.61	
Investments in Affiliated Companies.....		31,553,318.58	
Other Investments.....		863,337.33	\$2,253,122,578.03
CURRENT ASSETS:			
Cash.....		\$7,510,388.33	
Special Deposits.....		7,033,408.54	
Traffic and Car-Service Balances Receivable.....		875,793.80	
Net Balances Receivable from Agents and Conductors.....		3,629,900.76	
Miscellaneous Accounts Receivable.....		4,464,467.43	
Dominion Government—Balance due on Deficit Contributions.....		14,407,510.17	
Material and Supplies.....		25,895,061.53	
Interest and Dividends Receivable.....		734,045.08	
Rents Receivable.....		51,913.63	
Other Current Assets.....		1,017,878.55	65,620,367.82
DEFERRED ASSETS:			
Working Fund Advances.....		\$205,570.87	
C.N.R. Insurance Fund:			
System Securities at par.....	\$4,014,663.53		
Other Assets at Cost.....	7,595,103.50	11,609,767.03	
Other Funds.....		17,506.25	
Other Deferred Assets.....		7,759,479.87	19,592,324.02
UNADJUSTED DEBITS:			
Rents and Insurance Premiums paid in Advance.....		\$259,635.30	
Discount on Capital Stock.....		189,500.00	
Discount on Funded Debt.....		13,891,931.94	
Other Unadjusted Debits.....		4,365,327.06	18,706,394.30
			<u>\$2,357,041,664.17</u>

The accounts of the System are stated in Canadian currency—Sterling and United States currencies being converted at the par of exchange.

Depreciation Accounting is applied to rolling stock owned by United States Lines and to certain fixed property, and Retirement Accounting is applied on the basis of original cost to other units of property on the System.

For contingent liabilities see Page 26.

AT DECEMBER 31, 1934.

LIABILITIES

STOCKS:		
Capital Stocks owned by Dominion Government	\$265,628,338.70	
Capital Stocks owned by Public	4,584,825.00	\$270,213,163.70
GOVERNMENTAL GRANTS:		
Grants in Aid of Construction:		
By Province of Canada prior to Confederation	\$15,142,633.33	
Other	2,473,294.17	17,615,927.50
LONG TERM DEBT:		
Funded Debt Unmatured		1,246,330,439.18
LOANS FROM DOMINION OF CANADA:		
Interest on above, accrued but unpaid	\$672,580,942.81	
	459,486,186.74	1,132,067,129.55
DOMINION OF CANADA EXPENDITURES FOR CANADIAN GOVERNMENT RAILWAYS:		
Road and Equipment included in System Investment Acct.	\$387,507,928.31	
Working Capital	16,771,980.54	404,279,908.85
CURRENT LIABILITIES:		
Loans and Bills Payable	\$478,554.26	
Traffic and Car-Service Balances Payable	2,533,779.63	
Audited Accounts and Wages Payable	8,156,766.28	
Miscellaneous Accounts Payable	3,142,434.13	
Interest Matured Unpaid	8,944,865.06	
Funded Debt Matured Unpaid	309,022.05	
Unmatured Interest Accrued	10,651,843.90	
Unmatured Rents Accrued	416,346.99	
Other Current Liabilities	1,057,949.89	35,691,562.19
DEFERRED LIABILITIES:		
Other Deferred Liabilities		3,692,044.23
UNADJUSTED CREDITS:		
Tax Liability	\$1,767,673.95	
C.N.R. Insurance Reserve	11,609,767.03	
Accrued Depreciation—Road	2,428,788.74	
Accrued Depreciation—Equipment	12,811,204.44	
Accrued Depreciation—Miscellaneous Physical Property	1,463,061.95	
Other Unadjusted Credits	2,575,767.47	32,656,263.58
CORPORATE SURPLUS or Deficit:		
Additions to Property through Income and Surplus	\$681,516.69	
Funded Debt Retired through Income and Surplus	587,465.33	
Sinking Fund Reserves	1,164,160.57	
Appropriated Surplus	1,102,758.22	
Profit and Loss Balance— <i>Deficit</i> (See Page 14)	789,040,675.42	785,504,774.61
		<u>\$2,357,041,664.17</u>

J. B. McLAREN,
Comptroller.

CERTIFICATE OF AUDITORS

We have examined the books and records of the companies comprising the Canadian National Railway System for the year ended the 31st December, 1934.

The investments in properties and equipment appearing in the books of the companies as at the 1st January, 1923, were accepted by us.

The liabilities to the Dominion of Canada are stated in accordance with the certified reconciliation received from the Dominion Government.

Subject to the foregoing and our report to Parliament, we certify that, in our opinion, the above Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct view of the affairs of the System as at the 31st December, 1934, and that the relative Income and Profit and Loss Accounts for the year ended the 31st December, 1934, are correctly stated.

Dated at Montreal,
15th March, 1935.

GEORGE A. TOUCHE & CO.,
Chartered Accountants.

PROFIT AND LOSS STATEMENT

	Year 1934	Year 1933
CREDITS:		
Profit on Road and Equipment Sold.....	\$13,368.67	\$7,532.18
Unrefundable Overcharges.....	2,350.06	1,970.99
Donations.....	23,680.71	25,127.57
Miscellaneous Credits.....	2,050,598.52	390,770.00
Total Credits.....	<u>\$2,089,997.96</u>	<u>\$425,400.74</u>
DEBITS:		
Surplus applied to Sinking and Other Reserve Funds.....	.....	\$2,470.00
Surplus Appropriated for Investment in Physical Property.....	\$552.23	557.26
Debt Discount extinguished through Surplus.....	19,478.18	.....
Miscellaneous Appropriations of Surplus.....	142,064.28	77,194.73
Loss on Retired Road and Equipment.....	1,290,194.67	1,650,279.31
Delayed Income Debits.....	1,824,458.29	47,104.58
Miscellaneous Debits.....	2,875,306.11	207,056.42
Adjustment of Land Surplus Account.....	99,023.69	46,895.39
Total Debits.....	<u>\$6,251,077.45</u>	<u>\$2,025,503.17</u>
Net Profit and Loss Items <i>Debit</i>	<u>\$4,161,079.49</u>	<u>\$1,600,102.43</u>
Net Income <i>Deficit</i> , Including Interest on Government Loans.....	<u>85,501,273.37</u>	<u>96,051,854.32</u>
System Net Loss, " " " " " " ".....	<u>\$89,662,352.86</u>	<u>\$97,651,956.75</u>
Deduct: C.N.Rlys.' Cash Deficit paid by Dominion Government.....	42,589,824.96	105,686,480.72*
Eastern Lines' Cash Deficit paid by Dominion Government.....	5,434,133.74	6,691,569.36
P.E.I. Car Ferry & Terminals' Cash Deficit paid by Dominion Government.....	383,942.00	
Eastern Lines' Interest on Government Loans.....	626,413.21	
Change during year in Profit and Loss Account.....	<u>\$40,628,038.95</u>	<u>\$15,352,506.54</u>
Balance at January 1st "Debit Balance".....	<u>748,412,636.47</u>	<u>763,765,143.01</u>
Balance at December 31st "Debit Balance".....	<u><u>\$789,040,675.42</u></u>	<u><u>\$748,412,636.47</u></u>

*Includes Year 1932 for C.N.Rlys., excluding Eastern Lines

J. B. McLAREN,
Comptroller.

The above is the Profit and Loss Account referred to in our certificate dated 15th March, 1935.

GEORGE A. TOUCHE & CO.,
Chartered Accountants.

CONSOLIDATED SYSTEM INCOME STATEMENT

	Year 1934	Year 1933
Railway Operating Revenues.....	\$164,902,501.66	\$148,519,742.43
Railway Operating Expenses.....	151,936,078.56	142,812,559.22
Net Revenue from Railway Operations.....	\$12,966,423.10	\$5,707,183.21
Railway Tax Accruals.....	\$5,241,857.95	\$5,270,248.18
Uncollectible Railway Revenues.....	46,813.24	106,271.49
	\$7,677,751.91	\$330,663.54
Revenues from Hotel Operations.....	\$2,126,958.70	\$1,797,187.71
Expenses of Hotel Operations.....	1,948,303.09	1,842,845.84
Taxes on Hotel Property.....	141,638.54	130,924.89
Net Income or <i>Deficit</i> from Hotel Operations.....	\$37,017.07	\$176,583.02
Rent from Locomotives.....	\$109,526.93	\$86,675.91
Rent from Passenger-Train Cars.....	223,472.39	232,490.02
Rent from Floating Equipment.....	265.23	1,620.00
Rent from Work Equipment.....	119,555.19	98,165.51
Joint Facility Rent Income.....	1,557,407.29	1,542,351.63
Income from Lease of Road.....	53,033.09	49,940.96
Miscellaneous Rent Income.....	1,094,630.79	1,086,680.23
Miscellaneous Non-Transportation Property.....	40,841.99	89,280.65
Dividend Income.....	699,202.22	191,008.82
Income from Funded Securities.....	1,414,147.74	1,388,340.55
Income from Unfunded Securities and Accounts.....	189,613.93	223,127.14
Income from Sinking and Other Reserve Funds.....	1,062,918.88	1,064,734.21
Contributions from Others.....	100,000.00	100,000.00
Miscellaneous Income.....	631,033.42	1,245,320.73
	\$7,295,649.09	\$7,399,736.36
Gross Income.....	\$15,010,418.07	\$7,553,816.88
Hire of Freight Cars—Debit Balance.....	\$904,639.51	\$515,148.87
Rent for Locomotives.....	30,334.57	35,189.09
Rent for Passenger-Train Cars.....	187,119.42	187,482.57
Rent for Floating Equipment.....	1,288.69	1,590.03
Rent for Work Equipment.....	8,098.35	7,646.12
Joint Facility Rents.....	2,231,818.15	2,264,868.43
Rent for Leased Roads.....	1,372,037.53	1,351,788.49
Miscellaneous Rents.....	542,300.16	646,994.45
Miscellaneous Tax Accruals.....	161,569.97	156,743.42
Separately Operated Properties—Loss.....	865,163.04	1,163,203.94
Interest on Unfunded Debt.....	211,058.21	221,971.77
Amortization of Discount on Funded Debt.....	827,638.52	867,498.33
Miscellaneous Income Charges.....	1,277,519.73	3,601,755.03
Miscellaneous Appropriations of Income.....	84,781.81	84,223.02
	\$8,705,367.66	\$11,106,103.56
Net Income or <i>Deficit</i> before Interest.....	\$6,305,050.41	\$3,552,286.68
Interest due Public on Long Term Debt.....	55,811,745.85	56,465,426.58
Net Income <i>Deficit</i> before Interest on Government Loans.....	\$49,506,695.44	\$60,017,713.26
Interest on Dominion Government Loans.....	35,994,577.93	36,034,141.06
Net Income <i>Deficit</i>	\$85,501,273.37	\$96,051,854.32

J. B. McLAREN,
Comptroller.

The above is the Income Account referred to in our certificate dated 15th March, 1935.

GEORGE A. TOUCHE & CO.,
Chartered Accountants.

OPERATING REVENUES

	Year 1934	Year 1933
Freight.....	\$124,340,036.22	\$110,941,218.48
Freight—Government contribution Maritime Freight Rates Act 1927.....	1,778,239.21	1,378,000.00
Passenger.....	16,331,228.94	15,032,431.69
Excess Baggage.....	77,455.86	74,639.74
Sleeping Car.....	949,143.06	851,385.90
Parlor and Chair Car.....	146,969.12	140,583.80
Mail.....	3,224,156.55	3,231,654.00
Express.....	8,490,214.35	8,029,515.00
Other Passenger Train.....	49,000.02	44,868.06
Milk.....	456,957.03	473,928.64
Switching.....	1,998,780.76	1,759,385.59
Special Service Train.....	60,165.47	36,786.88
Other Freight Train.....	978.18	416.46
Water Transfers—Freight.....	39,515.02	16,579.77
Water Transfers—Passenger.....	18,002.78	15,116.19
Water Transfers—Vehicles and Live Stock.....	24,762.75	27,901.90
Water Transfers—Other.....	1,883.79	1,603.98
Dining and Buffet.....	650,415.61	631,028.76
Restaurants.....	9,898.40	8,360.90
Station, Train and Boat Privileges.....	87,958.74	85,814.91
Parcel Room.....	33,086.69	30,373.90
Storage—Freight.....	124,454.27	120,833.69
Storage—Baggage.....	12,267.68	12,627.54
Demurrage.....	252,140.17	182,660.83
Telegraph and Telephone.....	4,088,297.48	3,690,090.40
Grain Elevator.....	91,266.09	109,528.23
Power.....	.....	1,531.78
Rents of Buildings and Other Property.....	291,870.06	312,473.47
Miscellaneous.....	968,168.85	961,001.42
Joint Facility—Credit.....	356,444.03	368,153.54
Joint Facility—Debit.....	51,255.52	50,753.02
Total.....	<u>\$164,902,501.66</u>	<u>\$148,519,742.43</u>

SUMMARY OF OPERATING EXPENSES

Maintenance of Way and Structures.....	\$33,544,106.65	\$30,381,971.72
Maintenance of Equipment.....	32,574,793.18	30,610,987.26
Traffic.....	4,787,011.45	5,006,239.18
Transportation.....	72,754,822.84	68,540,470.84
Miscellaneous Operations.....	1,008,737.54	1,000,502.17
General.....	7,660,579.59	7,569,752.90
Transportation for Investment—Credit.....	393,972.69	297,364.85
Total.....	<u>\$151,936,078.56</u>	<u>\$142,812,559.22</u>

MAINTENANCE OF WAY AND STRUCTURES EXPENSES

	Year 1934	Year 1933
Superintendence.....	\$2,716,786.55	\$2,819,781.29
Roadway Maintenance.....	4,318,035.86	4,278,085.25
Tunnels and Subways.....	23,564.41	24,322.21
Bridges, Trestles and Culverts.....	1,544,510.28	1,482,337.21
Ties.....	4,064,552.97	4,060,369.33
Rails.....	2,389,118.39	1,586,439.90
Other Track Material.....	1,407,697.62	1,161,937.84
Ballast.....	424,587.90	154,040.40
Track Laying and Surfacing.....	8,338,608.32	7,794,686.65
Right of Way Fences.....	332,336.50	257,293.55
Snow and Sand Fences and Snow Sheds.....	94,682.97	86,183.41
Crossings and Signs.....	407,377.77	351,284.86
Station and Office Buildings.....	1,143,091.76	1,065,927.89
Roadway Buildings.....	111,155.75	102,615.71
Water Stations.....	374,164.34	302,832.79
Fuel Stations.....	152,487.93	135,028.80
Shops and Enginehouses.....	1,023,126.32	835,224.55
Grain Elevators.....	10,634.55	11,420.85
Storage Warehouses.....	28.90	38.86
Wharves and Docks.....	99,743.82	84,512.49
Coal and Ore Wharves.....	513.62	7,275.24
Gas Producing Plants.....	94.26	137.03
Telegraph and Telephone Lines.....	1,172,680.18	1,016,834.27
Signals and Interlockers.....	398,887.47	386,865.47
Power Plant Buildings.....	5,477.45	7,045.80
Power Substation Buildings.....	661.25	115.81
Power Transmission Systems.....	6,640.76	9,099.87
Power Distribution Systems.....	50,146.07	42,409.52
Power Line Poles and Fixtures.....	10,442.26	12,361.56
Miscellaneous Structures.....	2,604.24	1,206.19
Paving.....	679.64	592.65
Roadway Machines.....	207,654.46	174,395.14
Small Tools and Supplies.....	454,380.74	401,451.87
Removing Snow, Ice and Sand.....	2,128,083.94	1,741,848.91
Assessments for Public Improvements.....	35,976.39	42,107.28
Injuries to Persons.....	339,522.22	305,202.12
Insurance.....	.....	115.25
Stationery and Printing.....	39,438.98	37,430.76
Other Expenses.....	23,175.28	16,701.51
Maintaining Joint Tracks, Yards and Other Facilities, Dr.....	372,348.76	321,402.69
Cr.....	729,195.99	781,330.59
Depreciation—U.S. Lines only.....	47,601.76	44,570.03
Total.....	\$33,544,106.65	\$30,381,971.72

MAINTENANCE OF EQUIPMENT EXPENSES

	Year 1934	Year 1933
Superintendence.....	\$1,194,843.77	\$1,250,711.18
Shop Machinery.....	923,836.31	798,850.79
Power Plant Machinery.....	82,020.37	71,443.07
Power Substation Apparatus.....	1,981.63	391.00
Steam Locomotives—Repairs.....	9,950,834.91	9,810,369.83
Steam Locomotives—Retirements.....	458,228.02	256,016.58
Other Locomotives—Repairs.....	71,031.07	50,665.47
Freight Train Cars—Repairs.....	9,430,025.70	8,310,630.47
Freight Train Cars—Retirements.....	3,550,958.76	3,597,692.92
Passenger Train Cars—Repairs.....	3,420,305.52	3,370,373.19
Passenger Train Cars—Retirements.....	85,050.30	50,217.73
Motor Equipment of Cars—Repairs.....	172,662.94	179,757.31
Motor Equipment of Cars—Retirements.....	.....	6,671.85
Floating Equipment—Repairs.....	218,250.27	245,887.54
Floating Equipment—Retirements.....	2,597.75	41,332.61
Work Equipment—Repairs.....	913,005.17	566,349.00
Work Equipment—Retirements.....	393,052.86	118,548.74
Miscellaneous Equipment—Repairs.....	140,769.46	174,248.10
Miscellaneous Equipment—Retirements.....	12,075.78	9,870.21
Injuries to Persons.....	210,371.27	256,291.59
Insurance.....	56,974.14	51,515.59
Stationery and Printing.....	32,695.70	31,449.51
Other Expenses.....	4,982.44	5,147.06
Maintaining Joint Equipment, Dr.....	54,185.06	63,736.42
Maintaining Joint Equipment, Cr.....	160,592.20	141,763.92
Depreciation—U.S. Lines only.....	1,354,646.18	1,434,583.42
Total.....	<u>\$32,574,793.18</u>	<u>\$30,610,987.26</u>

TRAFFIC EXPENSES

Superintendence.....	\$1,494,737.93	\$1,564,025.99
Outside Agencies.....	2,159,307.14	2,244,009.59
Advertising.....	556,961.62	545,986.36
Radio.....	.....	9,863.46
Traffic Associations.....	77,208.21	80,225.63
Industrial Bureaus.....	81,584.99	87,707.77
Colonization, Agriculture and Natural Resources.....	160,358.00	180,962.37
Insurance.....	.....	15.94
Stationery and Printing.....	254,609.92	287,833.58
Other Expenses.....	2,243.64	5,640.37
Total.....	<u>\$4,787,011.45</u>	<u>\$5,006,239.18</u>

TRANSPORTATION EXPENSES

	Year 1934	Year 1933
Superintendence.....	\$2,698,049.91	\$2,794,895.88
Despatching Trains.....	1,009,971.22	989,383.80
Station Employees.....	11,140,849.81	11,064,700.91
Weighing, Inspection and Demurrage Bureaus.....	55,345.79	53,299.46
Coal and Ore Wharves.....	1,284.00	
Station Supplies and Expenses.....	1,127,553.17	1,098,815.43
Yardmasters and Yard Clerks.....	1,867,479.50	1,881,531.15
Yard Conductors and Brakemen.....	3,154,563.42	2,833,045.62
Yard, Switch and Signal Tenders.....	421,518.73	421,684.22
Yard Enginemen.....	2,225,638.09	2,003,656.78
Yard Motormen.....	40,070.69	34,506.32
Fuel for Yard Locomotives.....	2,534,675.69	2,158,976.03
Yard Switching Power Produced.....	8,337.45	9,136.98
Yard Switching Power Purchased.....	58,290.37	54,574.07
Water for Yard Locomotives.....	138,060.39	133,878.38
Lubricants for Yard Locomotives.....	31,901.50	29,697.26
Other Supplies for Yard Locomotives.....	24,784.46	20,004.82
Enginehouse Expenses—Yard.....	884,485.57	926,512.13
Yard Supplies and Expenses.....	109,309.33	104,707.57
Operating Joint Yards and Terminals, Dr.....	811,584.20	785,523.37
Operating Joint Yards and Terminals, Cr.....	1,082,669.30	948,281.91
Train Enginemen.....	6,411,795.91	5,828,990.61
Train Motormen.....	114,948.49	115,244.72
Fuel for Train Locomotives.....	12,170,416.64	10,465,577.41
Train Power Produced.....	9,281.48	8,986.30
Train Power Purchased.....	39,271.26	37,524.92
Water for Train Locomotives.....	755,639.65	731,357.90
Lubricants for Train Locomotives.....	243,718.44	237,433.85
Other Supplies for Train Locomotives.....	111,890.66	94,788.50
Enginehouse Expenses—Train.....	2,501,990.11	2,623,752.76
Trainmen.....	7,211,877.14	6,568,127.46
Train Supplies and Expenses.....	4,191,317.02	3,929,708.92
Operating Sleeping Cars.....	661,933.86	699,047.62
Signal and Interlocker Operation.....	396,124.16	397,505.76
Crossing Protection.....	494,922.78	506,813.64
Drawbridge Operation.....	80,358.53	91,630.30
Telegraph and Telephone Operation.....	3,236,815.70	3,204,197.80
Operating Floating Equipment.....	834,545.82	770,656.36
Express Service.....	4,134,590.65	4,219,276.15
Stationery and Printing.....	361,015.26	335,527.01
Other Expenses.....	188,247.96	207,310.69
Operating Joint Tracks and Facilities, Dr.....	171,432.68	167,547.69
Operating Joint Tracks and Facilities, Cr.....	351,532.64	351,876.56
Insurance.....		2,093.86
Clearing Wrecks.....	196,066.80	132,685.08
Damage to Property.....	48,305.78	58,943.20
Damage to Live Stock on Right of Way.....	43,471.46	31,719.19
Loss and Damage—Freight.....	485,574.79	385,311.73
Loss and Damage—Baggage.....	1,933.59	1,263.26
Injuries to Persons.....	747,784.87	589,076.44
Total.....	<u>\$72,754,822.84</u>	<u>\$68,540,470.84</u>

MISCELLANEOUS OPERATING EXPENSES

	Year 1934	Year 1933
Dining and Buffet Service.....	\$932,704.82	\$918,043.12
Restaurants.....	8,361.79	7,069.66
Grain Elevators.....	44,852.42	44,030.39
Producing Power Sold.....	.....	5,651.18
Other Miscellaneous Operations.....	22,818.51	25,707.82
Total.....	<u>\$1,008,737.54</u>	<u>\$1,000,502.17</u>

GENERAL EXPENSES

Salaries and Expenses of General Officers.....	\$405,686.62	\$450,428.37
Salaries and Expenses of Clerks and Attendants.....	2,854,435.14	3,008,103.76
General Office Supplies and Expenses.....	221,417.60	221,057.84
Law Expenses.....	360,701.64	394,467.25
Insurance.....	.....	27.91
Relief Department Expenses.....	27,500.00	27,500.00
Pensions.....	3,424,979.29	3,105,263.62
Stationery and Printing.....	118,139.46	113,420.79
Valuation Expenses.....	34,654.05	36,291.13
Other Expenses.....	203,639.15	205,796.80
General Joint Facilities, Dr.....	19,674.50	18,604.85
General Joint Facilities, Cr.....	10,247.86	11,209.42
Total.....	<u>\$7,660,579.59</u>	<u>\$7,569,752.90</u>

ADDITIONS AND BETTERMENTS LESS RETIREMENTS

	Expenditures Year 1934
ROAD:	
New Lines Constructed.....	\$28,218.01
Montreal Terminal Development Chapter 12—1929.....	49,328.42
Toronto Viaduct.....	54.51
Wider Woodward Avenue, Detroit.....	3,561.36
Line Diversions and Revisions.....	2,688.70
Lines Abandoned.....	98,443.11
Double Tracking.....	280.00
Rails and Fastenings.....	584,049.96
Tie Plates and Rail Anchors.....	795,626.10
Ties—Cost of Treating.....	1,567,215.81
Ballast.....	172,240.71
Widening Cuts and Fills and Scaling Rock Cuts.....	19,724.14
Ditching, Drainage and Sewers.....	100,989.55
Large Freight Terminals.....	59,096.25
Large Passenger Terminals.....	61,007.73
Yard Tracks and Sidings.....	11,545.00
Bridges, Trestles and Culverts.....	267,296.51
Crossing Protection, including Subways.....	50,943.26
Stations and Station Facilities.....	74,909.53
Water Supplies.....	60,341.94
Shops, Enginehouses and Machinery.....	53,824.86
Docks and Wharves.....	5,582.79
Signals and Interlockers.....	15,078.93
Telegraphs—Railway.....	4,624.40
Telegraphs—Commercial.....	145,331.68
Stores Department Buildings and Equipment.....	20,108.69
Assessments for Public Improvements.....	98,275.64
Land.....	22,676.76
General Additions and Betterments.....	178,412.02
Total.....	\$3,692,897.58
EQUIPMENT:	
Rolling Stock Purchased, Built or Acquired.....	\$30,716.29
Additions and Betterments to Rolling Stock.....	662,933.58
Retirements of Rolling Stock.....	5,443,766.31
Equipment Transfers.....	4,041.00
Express and Miscellaneous Equipment.....	2,464.33
Floating Equipment.....	1,061.77
Total.....	\$4,755,560.00
HOTELS:	\$258,841.07
SEPARATELY OPERATED PROPERTIES:	\$212,067.20
TOTAL ADDITIONS AND BETTERMENTS (see Note).....	\$1,015,888.64
Property abandonments and transfers—not representing cash expenditures.....	6,413,431.64
Change per Balance Sheet Accounts.....	\$7,429,320.28

NOTE: Excludes new rolling stock acquired during 1933, amounting to \$1,594,880.08, which was paid for by the Railway in 1934.

RECEIPTS AND EXPENDITURES

12 YEARS — 1923-1934

RECEIPTS:

Cash on hand, January 1, 1923.....				\$20,790,857.20
Funded Debt issued and retired:—				
	Dominion Guaranteed	Other	Total	
New issues, par.....	\$582,000,000.00	\$80,890,341.43	\$662,890,341.43	
Retirements, ".....	100,893,882.35	120,169,163.96	221,063,046.31	
Exchanged, ".....	34,927,098.20	34,927,098.20	.....	
Net, ".....	516,033,215.85	74,205,920.73	441,827,295.12	
Less Discount and issue expense.....	11,604,111.20	368,185.28	11,972,296.48	429,854,998.64
Loans from Dominion of Canada.....				165,634,973.74
Income deficits, Can. Nat. Rlys. contributed by Dominion.....				148,276,305.68
Income deficits, Eastern Lines, contributed by Dominion.....				46,007,202.68
Appropriations from Public Funds for capital expenditures on Canadian Government Railways.....				5,760,131.66
Reduction in working capital and other balance sheet accounts.....				20,900,768.18
				<u>\$837,225,237.78</u>

EXPENDITURES:

Investment in Fixed Railway Property.....	\$260,934,406.99	
" Equipment.....	120,261,555.65	
" Hotels.....	25,218,101.16	
" Separately Operated Properties.....	13,991,822.49	\$420,405,886.29
" Affiliated Companies.....		40,134,461.76
" Sinking Funds.....		19,230,510.00
" Insurance Fund.....		9,590,147.93
PROFIT AND LOSS DEFICIT: Excluding interest on Government Loans		
Deficit per the accounts.....	\$357,505,684.33	
Deduct: Charges not applicable to the period.....	14,595,101.47	
" Appropriations for Insurance Fund.....	9,590,147.93	333,320,434.93*
Cash on hand December 31, 1934.....		14,543,796.87
		<u>\$837,225,237.78</u>

*Note re deficit for the 12 year period:—

Net earnings available for interest.....	\$223,704,791.96
Total interest due to the Public.....	557,025,226.89
	<u>\$333,320,434.93</u>
Average deficit per annum for 12 years, including Eastern Lines.....	\$27,776,702.91

FUNDED DEBT—PRINCIPAL AND INTEREST

NAME OF SECURITY	Issuing Company	Date of Issue	Date of Maturity	Principal Outstanding at Dec. 31, 1934	Interest Accrued 1934
GUARANTEED BY DOMINION GOVERNMENT:					
5% Perpetual Debenture Stock.....	G.T.R....	1875 to 1883	Perpetual...	\$20,782,491.67	\$1,039,124.58
5% G.W. Perp. Deb. Stock and Bonds..	G.T.R....	1858 to 1876	Perpetual...	13,252,322.67	662,616.12
4% Perpetual Debenture Stock.....	G.T.R....	1883 to 1918	Perpetual...	119,839,014.33	4,793,560.56
4% Nor. Rly. Perpetual Deb. Stock.....	G.T.R....	July 31, 1884	Perpetual...	1,499,979.67	59,999.18
4% Perpetual Guaranteed Stock.....	G.T.R....	1884 to 1909	Perpetual...	60,833,333.33	2,433,333.33
7% Sinking Fund Gold Deb. Bonds....	G.T.R....	Oct. 1, 1920	Oct. 1, 1940	23,740,000.00	1,661,800.00
6% Sinking Fund Gold Deb. Bonds....	G.T.R....	Sept. 1, 1921	Sept. 1, 1936	24,220,000.00	1,453,200.00
3% 1st Mtge. Bonds (ex.Govt.holdings)...	G.T.P....	July 1, 1905	Jan. 1, 1962	34,992,000.00	1,049,760.00
4% Sterling Bonds.....	G.T.P....	July 1, 1914	Jan. 1, 1962	8,440,848.00	337,633.92
3% 1st Mortgage Debenture Stock....	Can. Nor.	July 29, 1903	July 10, 1953	9,359,996.72	280,799.86
3½% 1st Mortgage Debenture Stock....	Can. Nor.	March, 1910	July 20, 1958	7,896,556.51	276,379.48
4% Debenture Stock and Bonds.....	Can. Nor.	1914 to 1918	Sept. 1, 1934	.....	454,942.21
7% Sinking Fund Debenture Bonds....	Can. Nor.	Dec. 1, 1920	Dec. 1, 1940	23,779,000.00	1,664,530.00
6½% Sinking Fund Debenture Bonds..	Can. Nor.	July 1, 1921	July 1, 1946	24,238,000.00	1,575,470.00
4½% 10 Year Gold Bonds.....	Can. Nor.	Feb. 15, 1925	Feb. 15, 1935	17,000,000.00	765,000.00
3½% 1st Mortgage Debenture Stock....	C.N.A....	Mar. 22, 1911	May 4, 1960	3,149,998.66	110,249.94
3½% 1st Mortgage Debenture Stock....	C.N.O....	Dec. 8, 1911	May 19, 1961	34,229,996.87	1,198,049.84
5% Equipment Trust—Series "G".....	Can. Nat.	Aug. 1, 1923	Ser. 1, 8, '38	6,000,000.00	325,000.00
5% 30 Year Guaranteed Bonds.....	Can. Nat.	Feb. 1, 1924	Feb. 1, 1954	50,000,000.00	2,500,000.00
4½% 30 Year Guaranteed Gold Bonds..	Can. Nat.	Sept. 15, 1924	Sept. 15, 1954	26,000,000.00	1,170,000.00
2% 1927 Guaranteed Debenture Stock..	Can. Nat.	July 1, 1926	By Tenders..	26,152,580.93	533,312.84
4½% 30 Year Guaranteed Gold Bonds..	Can. Nat.	July 1, 1927	July 1, 1957	65,000,000.00	2,925,000.00
4½% 40 Year Guaranteed Gold Bonds..	Can. Nat.	Dec. 1, 1928	Dec. 1, 1968	35,000,000.00	1,575,000.00
5% 40 Year Guaranteed Gold Bonds....	Can. Nat.	July 1, 1929	July 1, 1969	60,000,000.00	3,000,000.00
5% 40 Year Guaranteed Gold Bonds....	Can. Nat.	Oct. 1, 1929	Oct. 1, 1969	60,000,000.00	3,000,000.00
5% 40 Year Guaranteed Gold Bonds....	Can. Nat.	Feb. 1, 1930	Feb. 1, 1970	18,000,000.00	900,000.00
4¾% 25 Year Guaranteed Gold Bonds..	Can. Nat.	June 15, 1930	June 15, 1955	50,000,000.00	2,375,000.00
4½% 25 Year Guaranteed Gold Bonds..	Can. Nat.	Feb. 1, 1931	Feb. 1, 1956	70,000,000.00	3,150,000.00
4½% 20 Year Guaranteed Gold Bonds..	Can. Nat.	Sept. 1, 1931	Sept. 1, 1951	50,000,000.00	2,250,000.00
3% 16 Year Guaranteed Bonds.....	Can. Nat.	Dec. 15, 1934	Dec. 15, 1950	20,500,000.00	5,405.82
Total Issues guaranteed by Dominion Government.....				\$963,906,119.36	\$43,525,167.68
GUARANTEED BY PROVINCE OF ONTARIO:					
3½% 1st Mortgage Debenture Stock..	C.N.O.....	1906 and 1908	1936 and 1938	\$7,859,997.59	\$275,099.90
GUARANTEED BY PROVINCE OF MANITOBA:					
4% Winnipeg Terminal Bonds.....	Can. Nor...	July 1, 1909	July 1, 1939	3,000,000.00	120,000.00
GUARANTEED BY PROVINCE OF SASKATCHEWAN:					
4% 1st Mortgage Bonds.....	G.T.P.B.L..	May 1, 1909	Jan. 22, 1939	9,874,062.00	394,962.48
4% 1st Mortgage Debenture Stock....	Can. Nor...	June 12, 1909	Jan. 23, 1939	8,029,999.99	321,200.00
GUARANTEED BY PROVINCE OF ALBERTA:					
4% 1st Mortgage Bonds.....	G.T.P.B.L..	May 1, 1912	Feb. 15, 1942	1,153,764.00	46,150.56
4% 1st Mortgage Bonds.....	G.T.P.B.L..	May 1, 1909	Feb. 25, 1939	2,430,000.00	97,200.00
4% 1st Mortgage Debenture Stock....	Can. Nor...	June 10, 1909	Feb. 25, 1939	5,586,665.64	223,466.62
4½% 1st Mtge. Deb. Stock and Bonds	C.N.W.....	March, 1914	Oct. 22, 1943	2,799,997.73	125,999.90
4½% 1st Mtge. Deb. Stock and Bonds	C.N.W.....	Feb. 1914	Feb. 16, 1942	6,424,000.00	289,080.00
GUARANTEED BY PROVINCE OF BRITISH COLUMBIA:					
4% 1st Mortgage Debenture Stock....	C.N.P.....	Nov. 16, 1911	April 2, 1950	16,412,001.13	656,480.07
4½% Terminal Debenture Stock.....	C.N.P.....	1913 & 1914	April 2, 1950	8,614,000.00	387,630.00
Total Issues guaranteed by Provincial Governments				\$72,184,488.08	\$2,937,269.53
Carried forward.....				\$1,036,090,607.44	\$46,462,437.21

FUNDED DEBT—PRINCIPAL AND INTEREST (Continued)

NAME OF SECURITY	Issuing Company	Date of Issue	Date of Maturity	Principal Outstanding at Dec. 31, 1934	Interest Accrued 1934
Brought forward.....				\$1,036,090,607.44	\$46,462,437.21
UNGUARANTEED (by Provinces or DOMINION):					
EQUIPMENT TRUST ISSUES:					
6% Series "U.S.R.A.".....	G.T.R.....	Jan. 15, 1920	Ser. 15, 1, '35	\$59,900.00	\$3,594.00
6% " " "U.S.R.A.".....	G.T.W.....	Jan. 15, 1920	Ser. 15, 1, '35	206,500.00	12,906.25
7% " " "E".....	Can. Nor....	May 1, 1920	May 1, 1935	12,355,000.00	864,850.00
6½% " " "F".....	G.T.R.....	Feb. 1, 1921	Feb. 1, 1936	9,556,000.00	621,140.00
4½% " " "H".....	Can. Nat....	July 1, 1924	Ser. 1, 7, '39	3,125,000.00	154,687.50
4½% " " "J".....	Can. Nat....	May 1, 1927	Ser. 1, 5, '42	8,000,000.00	375,000.00
5% " " "K".....	Can. Nat....	May 1, 1929	Ser. 1, 5, '44	12,000,000.00	620,000.00
5% " " "G.T.W.".....	G.T.W.....	Dec.14, 1929	Ser. 14, 12, '44	2,823,000.00	154,631.82
5% " " "C.V.R.".....	C.V.....	Dec.14, 1929	Ser. 14, 12, '44	1,229,000.00	67,374.44
4½% " " "L".....	Can. Nat....	June 1, 1930	Ser. 1, 6, '45	11,550,000.00	539,437.50
Total Equipment Trust Issues.....				\$60,904,400.00	\$3,413,621.51
OTHER ISSUES:					
4% Canada Atlantic 1st Mtge. Bonds.	G.T.R.....	Jan. 1, 1905	Jan. 1, 1955	\$16,000,092.00	\$640,003.68
7% Wellington, Grey & Bruce Bonds.	G.T.R.....	July 1, 1899	By Drawings	123,613.33	20,485.54
6% Northern Railway 3rd Pref. Bonds.	G.T.R.....	1868	Perpetual...	70,566.66	4,234.00
3¾% 1st Mortgage Bonds.....	N.E.Elev....	July 1, 1901	Ser. 1, 7, '41	70,000.00	2,812.50
4% 1st Mortgage Bonds.....	Port. Elev....	Jan. 1, 1897	Ser. 1, 1, '37	15,000.00	600.00
4% 1st Mortgage Bonds.....	Pem. South...	Sept. 1, 1906	Sept. 1, 1956	150,000.00	6,000.00
4% 2nd Mort. Bonds Prairie "A".....	G.T.P.....	April 1, 1905	April 1, 1955	10,206,000.00	408,240.00
4% 2nd Mort. Bonds Mountain "B"...	G.T.P.....	April 1, 1905	April 1, 1955	9,963,000.00	398,520.00
4% 1st Mort. Bonds Lake Superior...	G.T.P.....	April 1, 1905	April 1, 1955	7,533,000.00	301,320.00
4% Perpetual Con. Debenture Stock...	Can. Nor....	1903 to 1912	Perpetual...	44,943,019.40	1,797,720.74
4% Perpetual Con. Debenture Stock...	C.N.O.....	June 21, 1909	Perpetual...	8,724,113.20	348,964.50
4% Perpetual Con. Debenture Stock...	C.N.Q.....	Oct. 1906	Perpetual...	5,250,369.26	210,014.76
4% 1st Mortgage Gold Bonds.....	G.N. of C....	Oct. 1, 1904	Oct. 1, 1934	.....	105,307.49
4% 1st Mortgage Perp. Deb. Stock...	Q.&L.St.J...	June 1, 1912	Perpetual...	4,252,503.06	170,100.14
4% 1st Mortgage Debenture Stock...	Q.L.L. & S...	Oct. 17, 1906	July 1, 1936	5,020,748.98	200,829.02
5% 1st Mortgage Rent Charge Bonds.	M.R.T. & T.	Apr. 15, 1918	April 15, 1970	952,893.33	49,415.71
5% 1st Mortgage Bonds.....	C.N.C.&O.D.	Jan. 1, 1916	Jan. 1, 1936	1,375,000.00	68,750.00
4% 1st Mortgage Debenture Stock....	D.W. & P....	May 1, 1910	June 1, 1939	7,004,997.27	280,199.89
4% 1st Mortgage Bonds.....	G.T.W.....	Nov.30, 1900	July 1, 1950	10,964,416.00	439,102.71
4½% 1st Mortgage Series "A" Bonds	G.T.W.....	Jan. 1, 1930	Jan. 1, 1980	400,000.00	18,000.00
4½% 1st Mortgage S.F. Gold Bonds..	N.T.R.B.L...	Dec.23, 1927	Oct. 1, 1955	2,541,000.00	115,054.13
4% Indebtedness of S.S. & C. Co.....	C.V.Rly....	Aug.27, 1858	Optional.....	155,865.25	6,234.61
4% 1st Mortgage Gold Bonds.....	M. & P.L....	Oct. 1, 1900	Oct. 1, 1950	200,000.00	8,000.00
3½% 1st Mtge. Guar. Deb. Bonds....	H. & S.W....	Oct. 1, 1912	Sept. 30, 1942	4,447,000.00	155,645.00
4% 1st Mortgage Debenture Stock...	St. J. & Q...	May 1912	June 1, 1962	2,727,977.40	109,119.10
5% Indebtedness to Prov. of N. B....	Can. Nat....	Sept. 3, 1929	Various.....	1,364,022.60	71,013.61
4% First Mortgage Bonds.....	M.W. Co....	April 1, 1906	April 1, 1936	6,000.00	Separately
5% 1st Mtge. Sinking Fund Gold Bonds	R.&R.C.Co..	April 1, 1908	April 1, 1938	1,043,000.00	Optd. Prop's.
Indebtedness to State of Michigan....	G.T.W.....	July 20, 1927	Serially 1945	3,581,234.00	No Interest
½% Registered Serial Notes.....	G.T.W.....	June 27, 1934	Ser. 1, 1, '44	250,000.00	No Interest
Total Other Issues.....				\$149,335,431.74	\$5,935,687.13
Total Debt held by Public (including therein \$16,151,305.51 par value held in Special Funds and Accounts) as per Balance Sheet.....				\$1,246,330,439.18	\$55,811,745.85

NOTE: These obligations are stated in Canadian currency—Sterling and United States currencies being converted at the par of exchange.

LOANS FROM DOMINION OF CANADA

	Principal Outstanding at December 31, 1934	Accrued Interest 1934
CANADIAN NORTHERN RAILWAY:		
3½% Loan, Chap. 6, 1911.....	\$2,396,099.68	\$83,863.48
4% Loan, Chap. 20, 1914.....	5,294,000.02	211,760.00
5% Loan, Chap. 4, 1915.....	10,000,000.00	500,000.00
6% Loan, Chap. 29, 1916.....	15,000,000.00	900,000.00
6% Loan, Chap. 24, 1917.....	25,000,000.00	1,500,000.00
6% Loan, Vote 110, 1918.....	25,000,000.00	1,500,000.00
6% Loan, Vote 108, 1919.....	35,000,000.00	2,100,000.00
6% Loan, Vote 127, 1920.....	48,611,077.00	2,916,664.62
6% Loan, Vote 126, 1921.....	44,419,806.42	2,665,188.38
6% Loan, Vote 136, 1922.....	42,800,000.00	2,568,000.00
6% Loan, 1918 War Measures Act	1,887,821.16	113,269.26
	<u>\$255,408,804.28</u>	
GRAND TRUNK RAILWAY:		
6% Loan, Vote 478, 1920.....	\$25,000,000.00	1,500,000.00
6% Loan, Vote 126, 1921.....	55,293,435.18	3,317,606.10
6% Loan, Vote 137, 1922.....	23,288,747.15	1,397,324.82
4% Loan to G.T.P. Rly., Chap. 23, 1913.....	15,000,000.00	600,000.00
	<u>118,582,182.33</u>	
GRAND TRUNK PACIFIC RAILWAY:		
6% Loan, Chap. 4, 1915.....	\$6,000,000.00	360,000.00
3% Bonds, Chap. 24, 1913.....	33,048,000.00	991,440.00
6% Loan, Vote 441, 1916.....	7,081,783.45	273,350.60
6% Loan, Vote 444, 1917.....	5,038,053.72	251,764.42
6% Loan, Vote 110, 1918.....	7,471,399.93	347,246.40
Receiver Account O.C. 26th March, 1919.....	45,764,162.35	2,745,849.74
Interest guaranteed by Dominion of Canada.....	8,704,662.65	.....
Interest guaranteed by Provinces of Alta. & Sask...	2,898,536.98	.....
	<u>116,006,599.08</u>	
PURCHASE OF RAILWAY EQUIPMENT:		
6% Loan, Chap. 38, 1918.....	\$13,962,639.21	837,079.70
6% Loan, Vote 96, 1919.....	23,379,655.27	1,401,732.76
6% Loan, Vote 115, 1920.....	15,541,406.96	930,205.58
6% Loan, Vote 113, 1921.....	1,726,493.59	103,543.40
6% Loan, Vote 115, 1922.....	2,315,805.79	138,948.34
	<u>56,926,000.82</u>	
CANADIAN NATIONAL RAILWAY:		
6% Loan, Vote 139, 1923.....	\$24,550,000.00	958,112.97
5% Loan, Vote 137, 1924.....	10,000,000.00	300,474.47
5% Loan, Vote 377, 1925.....	10,000,000.00	511,183.74
5% Loan, Vote 372, 1926.....	10,000,000.00	434,886.28
5% Loan, Vote 336, 1929.....	2,932,652.91	146,632.64
5% & 5¼% Loan, Chaps. 22, 1931, 6, 1932.....	41,121,216.41	2,113,863.86
	<u>98,603,869.32</u>	
	<u>\$645,527,455.83</u>	
5¼% Loan, Chap. 25, 1932.....	\$8,077,338.33	424,060.26
4¾% Loan, Chap. 34, 1933.....	8,228,101.10	388,222.82
4½% Loan, Chap. 28, 1934.....	10,748,047.55	241,616.23
3½% Loan, Chap. 28, 1934 (repaid Dec. 27, 1934).....	.....	220,687.06
	<u>27,053,486.98</u>	
	<u>\$672,580,942.81</u>	<u>\$35,994,577.93</u>

INVESTMENTS IN AFFILIATED COMPANIES

COMPANY	Amount Outstanding	Amount Owned by Can. Nat. System	Book Value
"A"—STOCKS:			
Atlantic and St. Lawrence Rail Road Company.....	\$5,480,700.00	\$224.33	\$176.53
The Belt Railway Company of Chicago.....	3,120,000.00	240,000.00	240,000.00
Canadian Airways, (Limited) (no par value).....	129,753 shares	10,000 shares	50,000.00
Canadian Government Merchant Marine, Limited.....	100,300.00	300.00	300.00
Chicago & Western Indiana Railroad Company.....	5,000,000.00	1,000,000.00	1,000,000.00
The Detroit & Toledo Shore Line Railroad Company.....	3,000,000.00	1,500,000.00	2,142,000.00
Detroit Terminal Railroad Company.....	2,000,000.00	1,000,000.00	1,000,000.00
Northern Alberta Railways Company.....	625,000.00	312,500.00	312,500.00
The Ontario Car Ferry Company (Limited).....	500,000.00	250,000.00	179,007.53
Public Markets Limited.....	1,150,000.00	575,000.00	575,000.00
Railway Express Agency, Incorporated (no par value)	1,000 shares	7 shares	700.00
The Toronto Terminals Railway Company.....	50,000.00	25,000.00	25,000.00
The Toledo Terminal Railroad Company.....	4,000,000.00	387,200.00	387,200.00
			<u>\$5,911,884.06</u>
"B"—BONDS:			
Atlantic and St. Lawrence Rail Road Company.....	\$3,000,000.00	\$3,000,000.00	\$3,012,040.00
The Detroit & Toledo Shore Line R.R. Co. First Mortgage Bonds.....	3,000,000.00	587,000.00	571,615.00
Northern Alberta Railways Co. First Mortgage Bonds.....	13,970,000.00	6,985,000.00	6,985,000.00
The Toronto Terminals Railway Company, First Mortgage Bonds.....	23,724,800.00	11,862,400.00	11,862,400.00
			<u>\$22,431,055.00</u>
"D"—ADVANCES:			
Chicago & Western Indiana Railroad Company.....			\$971,693.89
The Railroad Credit Corporation.....			558,983.39
Railway Express Agency, Incorporated.....			61,645.06
The Toronto Terminals Railway Company.....			1,618,057.18
			<u>\$3,210,379.52</u>
Total per Balance Sheet			<u>\$31,553,318.58</u>

MAJOR CONTINGENT LIABILITIES IN RESPECT OF AFFILIATED AND OTHER COMPANIES

NORTHERN ALBERTA RAILWAYS

The Canadian National Railway Company owns \$3,125,000 of the Capital Stock of the Railways Company on which total call to date has been 10%.

Under agreement of purchase dated 6th February, 1929, Canadian National Railway Company became liable for one half of the purchase consideration. This obligation was later assumed by Northern Alberta Railways Company which took title to the property. The future commitment of the Canadian National Railway Company is \$7,500,000 plus 50% of the annual deficit.

THE TORONTO TERMINALS RAILWAY COMPANY

The Canadian National Railway Company owns \$250,000 of the Capital Stock of the Terminals Company on which total call to date has been 10%.

THE DETROIT & TOLEDO SHORE LINE RAILROAD COMPANY

Assumed by Grand Trunk Western Railroad Company as joint and several guarantor by indorsement of principal and interest of \$3,000,000 First Mortgage 4% 50 year Gold Bonds due 1953.

THE TOLEDO TERMINAL RAILROAD COMPANY

Assumed by Grand Trunk Western Railroad Company in respect of \$5,800,000 First Mortgage 4½% 50 year Gold Bonds due 1957. The guarantee is as to interest only and is severally and not jointly. G.T.W. proportion is 9.68%.

CHICAGO AND WESTERN INDIANA RAILROAD COMPANY

Assumed by Grand Trunk Western Railroad Company pursuant to joint supplemental lease dated July 1, 1902, between Grand Trunk Western Railway Company and four other proprietary companies. Obligation is for repayment of principal of bonds at their maturity, and of interest as it falls due by way of annual rentals. The Grand Trunk Western's obligation is for one-fifth of the bonds issued for "common" property and the entire amount of bonds issued for its "exclusive" property. The bonds are Consolidated Mortgage 50 year 4% Bonds due 1952 and the amounts outstanding at December 31st, 1934, were:—

Issued for "common" property.....	\$39,973,019.39
" " G.T.W. "exclusive" property.....	252,535.36

Assumed by Grand Trunk Western Railroad Company pursuant to joint supplemental lease dated January 28th, 1925, between Grand Trunk Western Railway Company and other proprietary companies. Obligation is to pay as rental sinking fund payments sufficient to retire bonds at maturity and interest as it falls due. The Grand Trunk Western's proportion is one-fifth in the absence of default of any of four other tenant companies. The bonds are First and Refunding Mortgage 5½% 50 year Gold Bonds due 1962 and the amount outstanding at December 31, 1934, is \$23,296,000.

DOMINION AGRICULTURAL CREDIT CORPORATION:

Canadian National Railway Company owns \$500,000 of the Capital Stock of the Corporation on which total call to date has been 10%.

NOTE—Of the contingent liabilities named, it is anticipated the Canadian National will be called upon for cash outlay in connection with Northern Alberta Railways only.

CANADIAN GOVERNMENT RAILWAYS:

WORKMEN'S COMPENSATION AWARDS

Under authority of Privy Council Order dated January 20th, 1923, operation of the Canadian Government Railways was entrusted to Canadian National Railway Company by the Dominion Government.

Prior to entrustment no provision was made in Canadian Government Railways' accounts for capitalized liability arising from Awards of the several Provincial Workmen's Compensation Boards, the accounts being charged only with the monthly compensation awarded employees as paid. This practice has been continued under operation by Canadian National Railway Company on behalf of the Government.

The above are the contingent liabilities referred to on the Balance Sheet certified by us on the 15th March, 1935.

GEORGE A. TOUCHE & CO.,
Chartered Accountants.

SCHEDULE OF COMPANIES COMPRISING THE CANADIAN NATIONAL RAILWAY SYSTEM

NAME OF ISSUING COMPANY	Capital Stock	Held by System	Owned by Government Owned by <i>Public</i>
CANADIAN NATIONAL RAILWAY COMPANY.....	\$180,424,327.70	\$14,796,589.00	†\$165,627,738.70
*Canada Atlantic Transit Company.....	219,000.00	219,000.00	
*Canada Atlantic Transit Company of U.S.....	250,000.00	250,000.00	
The Canadian Express Company.....	1,768,800.00	1,768,800.00	
Canadian National Land Settlement Association.....			
*Canadian National Railways (France).....	2,007,400.00	2,007,400.00	
Canadian National Rolling Stock Limited.....	50,000.00	50,000.00	
Canadian National Railways Trust Company.....			
*Canadian National Transportation Limited.....	500.00	500.00	
The Champlain and St. Lawrence Railroad Company.....	50,000.00	50,000.00	
*Chicago, New York and Boston Refrigerator Company.....	1,129,400.00	1,129,400.00	
Cincinnati, Saginaw and Mackinaw Rail Road Company.....	1,500,000.00	1,500,000.00	
*Consolidated Land Corporation.....	64,000.00	64,000.00	
The Grand Trunk Junction Railway Company.....	500,000.00	500,000.00	
Grand Trunk Western Railroad Company (Common).....	20,000,000.00	20,000,000.00	
Grand Trunk Western Railroad Company (Preferred).....	25,000,000.00	25,000,000.00	
*Industrial Land Company.....	1,000.00	1,000.00	
International Bridge Company.....	1,500,000.00	1,500,000.00	
The Maganetawan River Railway Company.....	30,000.00	30,000.00	
Manitoba Northern Railway Company.....	500,000.00	500,000.00	
*Montreal Fruit & Produce Terminal Company, Limited.....	500.00	500.00	
*Montreal and Southern Counties Railway Company.....	500,000.00	310,500.00	189,500.00
*The Montreal Stock Yards Company.....	350,000.00	350,000.00	
*The Montreal Warehousing Company.....	236,000.00	222,860.00	13,140.00
*Muskegon Railway and Navigation Company.....	161,293.00	161,293.00	
*National Terminals of Canada, Limited.....	2,500.00	2,500.00	
National Transcontinental Railway Branch Lines Company.....	500.00	500.00	
New England Elevator Company.....	400,000.00	400,000.00	
*The Oshawa Railway Company.....	40,000.00	40,000.00	
The Ottawa Terminals Railway Company.....	250,000.00	250,000.00	
The Pembroke Southern Railway Company.....	107,800.00	90,600.00	17,200.00
Portland Elevator Company.....	50,000.00	50,000.00	
*Prince Charles, Limited.....	10,000.00	10,000.00	
*Prince David, Limited.....	10,000.00	10,000.00	
*Prince George, Limited.....	10,000.00	10,000.00	
*Prince Henry, Limited.....	10,000.00	10,000.00	
*Prince John, Limited.....	10,000.00	10,000.00	
*Prince Robert, Limited.....	10,000.00	10,000.00	
*Prince Rupert, Limited.....	10,000.00	10,000.00	
*Prince William, Limited.....	10,000.00	10,000.00	
*Rail & River Coal Company.....	2,000,000.00	2,000,000.00	
St. Clair Tunnel Company.....	700,000.00	700,000.00	
*The Thousand Islands Railway Company.....	60,000.00	60,000.00	
The Toronto Belt Line Railway Company.....	50,000.00	33,400.00	16,600.00
The United States and Canada Rail Road Company.....	219,400.00	218,925.00	475.00
Vermont and Province Line Railroad Company.....	200,000.00	200,000.00	
Total Canadian National Railway Group.....	\$240,402,420.70	\$74,537,767.00	\$165,864,653.70
THE CANADIAN NORTHERN RAILWAY COMPANY.....	\$101,000,600.00	\$1,000,000.00	\$100,000,600.00
The Bay of Quinté Railway Company.....	1,395,000.00	1,395,000.00	
The Bessemer and Barry's Bay Railway Company.....	125,000.00	125,000.00	
The Canadian Northern Alberta Railway Company.....	3,000,000.00	3,000,000.00	
The Canadian Northern Railway Express Company, Limited.....	1,000,000.00	1,000,000.00	
Canadian Northern Manitoba Railway Company.....	250,000.00	250,000.00	
The Canadian Northern Ontario Railway Company.....	10,000,000.00	10,000,000.00	
Canadian Northern Pacific Railway Company.....	25,000,000.00	25,000,000.00	
The Canadian Northern Quebec Railway Company.....	9,550,000.00	5,700,800.00	3,849,200.00
*Canadian National Realities, Limited.....	40,000.00	40,000.00	
Canadian Northern Steamships, Limited.....	2,000,000.00	2,000,000.00	
The Canadian Northern Coal and Ore Dock Company, Limited.....	500,000.00	500,000.00	
*Canadian National Electric Railways.....	250,000.00	250,000.00	
Canadian National Express Company.....	1,000,000.00	1,000,000.00	
Canadian Northern System Terminals (Limited).....	2,000,000.00	2,000,000.00	
Canadian National Telegraph Company.....	500,000.00	500,000.00	
Canadian Northern Western Railway Company.....	2,000,000.00	2,000,000.00	
The Central Ontario Railway.....	3,331,000.00	3,329,000.00	2,000.00
*Continental Realty & Holding Company.....	90,000.00	90,000.00	
*The Dalhousie Navigation Company, Limited.....	50,000.00	50,000.00	
Carried forward.....	\$163,081,600.00	\$59,229,800.00	\$103,851,800.00

SCHEDULE OF COMPANIES COMPRISING THE CANADIAN NATIONAL RAILWAY SYSTEM—Continued

NAME OF ISSUING COMPANY	Capital Stock	Held by System	Owned by Government Owned by <i>Public</i>
Brought forward.....	\$163,081,600.00	\$59,229,800.00	\$103,851,800.00
Duluth, Winnipeg and Pacific Railroad Company.....	100,000.00	100,000.00	
Duluth, Winnipeg and Pacific Railway Company.....	3,100,000.00	3,100,000.00	
*Duluth and Virginia Realty Company.....	45,000.00	45,000.00	
Duluth, Rainy Lake & Winnipeg Railway Company.....	2,000,000.00	2,000,000.00	
The Great North Western Telegraph Company of Canada.....	373,625.00	35,075.00	7,050.00
The Great North Western Telegraph Company of Canada (held in escrow).....		331,500.00	
The Halifax and South Western Railway Company.....	1,000,000.00	1,000,000.00	
The Irondale, Bancroft and Ottawa Railway Company.....	53,500.00	53,000.00	500.00
The James Bay and Eastern Railway Company.....	125,000.00	125,000.00	
The Lake Superior Terminals Company Limited.....	500,000.00	500,000.00	
*Market Gardens Limited.....	200,000.00	200,000.00	
The Marmora Railway and Mining Company.....	128,600.00	128,600.00	
The Minnesota and Manitoba Railroad Company.....	400,000.00	400,000.00	
The Minnesota and Ontario Bridge Company.....	100,000.00	100,000.00	
Mount Royal Tunnel and Terminal Company, Limited.....	5,000,000.00	5,000,000.00	
*The Niagara, St. Catharines and Toronto Railway Company.....	925,000.00	925,000.00	
*The Niagara, St. Catharines and Toronto Navigation Company (Limited).....	100,000.00	100,000.00	
The Quebec and Lake St. John Railway Company.....	4,508,300.00	4,019,140.00	489,160.00
The Qu'Appelle, Long Lake and Saskatchewan Railroad and Steamboat Company.....	201,000.00	201,000.00	
St. Boniface Western Land Company.....	250,000.00	250,000.00	
The St. Charles and Huron River Railway Company.....	1,000.00	1,000.00	
The Winnipeg Land Company Limited.....	100,000.00	100,000.00	
Total Canadian Northern Railway Group.....	\$182,292,625.00	\$77,944,115.00	\$104,348,510.00
THE GRAND TRUNK PACIFIC RAILWAY COMPANY.....	\$24,940,200.00	\$24,940,200.00	
The Grand Trunk Pacific Branch Lines Company.....	200,000.00	200,000.00	
The Grand Trunk Pacific Saskatchewan Railway Company.....	20,000.00	20,000.00	
*The Grand Trunk Pacific Development Company, Limited.....	3,000,000.00	3,000,000.00	
*Canadian National Steamship Company, Limited.....	15,000.00	15,000.00	
*Grand Trunk Pacific Terminal Elevator Company, Limited.....	501,000.00	501,000.00	
*Grand Trunk Pacific Dock Company, of Seattle.....	150,000.00	150,000.00	
Total Grand Trunk Pacific Railway Group.....	\$28,826,200.00	\$28,826,200.00	
CENTRAL VERMONT RAILWAY, INC.....	\$10,000,000.00	\$10,000,000.00	
*Central Vermont Airways, Inc.....	5,000.00	5,000.00	
*Central Vermont Transportation Company.....	200,000.00	200,000.00	
*The Centmont Corporation.....	196,400.00	196,400.00	
*Bethel Granite Railway Company.....	25,000.00	25,000.00	
*Brooksey Realty Company.....	2,000.00	2,000.00	
Montreal and Province Line Railway Company.....	1,000,000.00	1,000,000.00	
The Montreal and Vermont Junction Railway Company.....	197,300.00	197,300.00	
The Stanstead, Shefford and Chambly Railroad Company.....	608,333.33	608,333.33	
Total Central Vermont Railway Group.....	\$12,234,033.33	\$12,234,033.33	
SUMMARY			
Canadian National Railway Group.....	\$240,402,420.70	\$74,537,767.00	\$165,864,653.70
Canadian Northern Railway Group.....	182,292,625.00	77,944,115.00	104,348,510.00
Grand Trunk Pacific Railway Group.....	28,826,200.00	28,826,200.00	
Central Vermont Railway Group.....	12,234,033.33	12,234,033.33	
	<u>\$463,755,279.03</u>	<u>\$193,542,115.33</u>	<u>\$270,213,163.70</u>

The accounts of Companies indicated () are includible in the System Income Account as "Separately Operated Properties."

†One certificate for \$180,424,327.70 of the Company's Capital Stock is issued in the name of His Majesty as representing \$165,627,738.70 of Grand Trunk Stock previously held by the Public and \$14,796,589 previously held in that Company's treasury.

#\$265,628,338.70 of this amount is owned by the Dominion of Canada, \$4,584,825.00 by the Public.

STATEMENT OF REVENUE TONNAGE BY COMMODITIES FOR YEARS 1934-1933

	Year 1934	Year 1933	Increase or Decrease	
	Tons	Tons	Tons	Percents
AGRICULTURAL PRODUCTS:				
Wheat.....	4,042,803	4,131,944	89,141	2.16
Corn.....	386,289	367,707	18,582	5.05
Oats.....	608,398	486,809	121,589	24.98
Barley.....	373,343	217,885	155,458	71.35
Rye.....	21,904	37,888	15,984	42.19
Flaxseed.....	13,831	23,706	9,875	41.66
Other Grain.....	33,208	35,366	2,158	6.10
Flour.....	674,658	648,589	26,069	4.02
Other Mill Products.....	945,163	847,992	97,171	11.46
Hay and Straw.....	270,897	143,114	127,783	89.29
Cotton.....	54,802	48,466	6,336	13.07
Apples (Fresh).....	116,573	110,778	5,795	5.23
Other Fruit (Fresh).....	211,049	183,713	27,336	14.88
Potatoes.....	201,622	169,582	32,040	18.89
Other Fresh Vegetables.....	149,523	133,062	16,461	12.37
Other Agricultural Products.....	462,958	461,922	1,036	.22
Total.....	8,567,021	8,048,523	518,498	6.44
ANIMAL PRODUCTS:				
Horses.....	30,957	20,615	10,342	50.17
Cattle and Calves.....	244,983	204,062	40,921	20.05
Sheep.....	19,384	20,847	1,463	7.02
Hogs.....	109,072	123,560	14,488	11.73
Dressed Meats (Fresh).....	192,807	193,826	1,019	.53
Dressed Meats (Cured, Salted, Canned).....	59,522	49,903	9,619	19.28
Other Packing House Products (Edible).....	85,874	84,843	1,031	1.22
Poultry.....	25,176	26,274	1,098	4.18
Eggs.....	46,453	41,839	4,614	11.03
Butter.....	67,756	62,059	5,697	9.18
Cheese.....	24,751	27,514	2,763	10.04
Wool.....	20,937	20,027	910	4.54
Hides and Leather.....	52,066	55,857	3,791	6.70
Other Animal Products (Non-Edible).....	40,194	32,069	8,125	25.34
Total.....	1,019,932	963,295	56,637	5.88
MINE PRODUCTS:				
Anthracite Coal.....	1,547,249	1,272,134	275,115	21.63
Bituminous Coal.....	5,483,235	4,612,408	870,827	18.88
Lignite Coal.....	1,136,325	1,127,223	9,102	.81
Coke.....	688,324	646,997	41,327	6.39
Iron Ores.....	4,520	396	4,124	1,041.41
Copper Ore and Concentrates.....	4,032	7,643	3,611	47.25
Other Ores and Concentrates.....	179,125	38,251	140,874	368.29
Base Bullion, Matte, Pig and Ingot (Non-ferrous Metals).....	203,993	94,554	109,439	115.74
Sand and Gravel.....	697,031	401,709	295,322	73.52
Stone (Crushed, Ground, Broken).....	528,735	413,119	115,616	27.99
Slate, Dimension or Block Stone.....	69,639	68,824	815	1.18
Crude Petroleum.....	198,600	202,656	4,056	2.00
Asphalt (Natural, By-Product Petroleum).....	90,980	60,924	30,056	49.33
Salt.....	301,865	309,479	7,614	2.46
Other Mine Products.....	958,893	632,933	325,960	51.50
Total.....	12,092,546	9,889,250	2,203,296	22.28
FOREST PRODUCTS:				
Logs, Posts, Poles and Piling.....	268,940	196,180	72,760	37.09
Cordwood and Other Firewood.....	852,392	721,375	131,017	18.16
Ties.....	26,123	17,198	8,925	51.90
Pulpwood.....	1,337,199	967,482	369,717	38.21
Lumber, Timber, Box, Crate and Cooperage Material.....	1,825,606	1,514,900	310,706	20.51
Other Forest Products.....	225,370	144,462	80,908	56.01
Total.....	4,535,630	3,561,597	974,033	27.35

REVENUE TONNAGE BY COMMODITIES—Continued

	Year 1934	Year 1933	Increase or Decrease	
	Tons	Tons	Tons	Percents
MANUFACTURES AND MISCELLANEOUS:				
Gasoline.....	1,027,531	941,385	86,146	9.15
Petroleum Oils and Petroleum Products (except Asphalt and Gasoline).....	618,889	512,470	106,419	20.77
Sugar.....	177,024	160,271	16,753	10.45
Iron, Pig and Bloom.....	112,663	76,854	35,809	46.59
Rails and Fastenings.....	22,429	10,344	12,085	116.83
Iron and Steel (Bar, Sheet, Structural, Pipe).....	683,136	474,761	208,375	43.89
Castings, Machinery and Boilers.....	86,342	55,297	31,045	56.14
Cement.....	318,699	251,304	67,395	26.82
Brick and Artificial Stone.....	102,140	70,984	31,156	43.89
Lime and Plaster.....	163,775	143,748	20,027	13.93
Sewer Pipe and Drain Tile.....	15,882	12,503	3,379	27.03
Agricultural Implements and Vehicles other than Autos.....	60,123	38,502	21,621	56.16
Automobiles, Auto Trucks and Auto Parts.....	1,146,697	826,176	320,521	38.80
Household Goods and Settlers' Effects.....	44,563	30,950	13,613	43.98
Furniture.....	19,675	17,461	2,214	12.68
Liquor Beverages.....	118,231	80,739	37,492	46.44
Fertilizers, all kinds.....	283,480	229,103	54,377	23.73
Newsprint Paper.....	916,738	687,014	229,724	33.44
Other Paper.....	170,353	159,914	10,439	6.53
Paper Board, Pulpboard and Wallboard (Paper).....	196,475	192,394	4,081	2.12
Woodpulp.....	641,681	590,599	51,082	8.65
Fish (Fresh, Frozen, Cured, etc.).....	51,771	56,627	4,856	8.58
Canned Goods (All canned food products except Meats).....	223,471	179,505	43,966	24.49
Other Manufactures and Miscellaneous.....	2,336,411	2,012,324	324,087	16.11
Merchandise (All L.C.L. Freight).....	1,212,924	1,094,164	118,760	10.85
Total.....	10,751,103	8,905,393	1,845,710	20.73
Grand Total.....	36,966,232	31,368,058	5,598,174	17.85

DETAILS OF RAILWAY EQUIPMENT

LOCOMOTIVES:	December 31, 1933	Additions During Year	Retirements During Year	Conversions During Year		December 31, 1934
				Added	Retired	
Passenger—Freight.....	2,497		47			2,450
Switching.....	554		32			522
Electric Locomotives.....	15					15
Oil Electric.....	4	1				5
Total	3,070	1	79			2,992
FREIGHT EQUIPMENT:						
Box Cars.....	87,536		4,924	483	884	82,211
Flat Cars.....	7,598		547		143	6,908
Stock Cars.....	4,333		127	363		4,569
Coal Cars.....	16,679		469	100	3,465	12,845
Tank Cars.....	202		4			198
Refrigerator Cars.....	4,287		283		1	4,003
Caboose Cars.....	1,823		27			1,796
Other Cars in Freight Service.....	688		159	6		535
Total	123,146		6,540	952	4,493	113,065
PASSENGER EQUIPMENT:						
First Class Cars.....	945		35			910
Second Class Cars.....	223		1			222
Combination Cars.....	382		11		2	369
Immigrant Cars.....	362				5	357
Dining Cars.....	103					103
Parlor Cars.....	163		1			162
Sleeping Cars.....	349			2	2	349
Postal Cars.....	64				4	60
Baggage and Express Cars.....	948		20	17	10	935
Unit Cars.....	58					58
Other Cars in Passenger Service.....	148		12	1	1	136
Total	3,745		80	20	24	3,661
WORK EQUIPMENT:						
Unit Cars (Track Inspection).....	1					1
Business Cars.....	79		1			78
All Other Cars in Company's Service.....	7,916	2	964	3,552	7	10,499
Total	7,996	2	965	3,552	7	10,578
FLOATING EQUIPMENT:						
Motor Ship.....	1					1
Car Ferries.....	11					11
Barges.....	7					7
Tugs.....	6					6
Work.....	3		1			2

STATISTICS OF RAIL-LINE OPERATION

Class of Service	TRAIN MILEAGE			LOCOMOTIVE MILEAGE						Total Locomotive Mileage	
	1934	1933	Principal	Helper		Light		1934	1933	1934	1933
				1934	1933	1934	1933				
Freight.....	21,466,660	19,094,866	21,480,077	19,106,150	382,344	243,559	373,506	294,423	22,235,927	19,644,132	
Passenger.....	16,027,908	16,052,377	16,027,908	16,052,377	89,632	45,164	274,499	249,290	16,392,039	16,346,831	
Mixed.....	4,176,424	4,066,829	4,176,552	4,060,904	20,012	9,346	48,920	37,735	4,243,484	4,107,985	
Special.....	25,461	20,796	25,461	20,796	1,605	1,803	1,432	1,265	28,498	23,864	
Unit Cars.....	1,497,301	1,603,385									
Train Switching.....									2,519,994	2,249,117	
Yard Switching, Freight.....									8,395,679	7,549,650	
“ Passenger.....									967,172	965,559	
Total Transportation.....	43,193,754	40,832,253	41,709,998	39,240,227	493,593	299,872	698,357	582,713	54,784,793	50,887,138	
Work.....	1,313,474	862,214							1,543,341	1,025,336	
Grand Total.....	44,507,228	41,694,467	41,709,998	39,240,227	493,593	299,872	698,357	582,713	56,328,134	51,912,474	

FREIGHT TRAIN CAR MILEAGE

Class of Service	Loaded				Empty				Total Loaded and Empty		Caboose		Total Freight Train Car Mileage	
	1934		1933		1934		1933		1933		1934		1933	
Freight Train.....	565,707,686	495,726,844	280,845,358	253,225,587	846,553,044	748,952,431	21,776,675	18,990,697	868,329,719	767,943,128				
Mixed Train.....	25,857,621	23,854,247	11,714,317	10,775,744	37,571,938	34,629,991	1,525,830	1,442,449	39,097,768	36,072,440				
Special Train.....	193,451	101,936	3,767	40	197,218	101,976	23,984	14,316	221,202	116,292				
Other Transportation.....	6,271,855	5,566,445	4,766,221	4,164,921	11,038,076	9,731,366	695,180	620,695	11,733,256	10,352,061				
Total Transportation.....	598,030,613	525,249,472	297,329,663	268,166,292	895,360,276	793,415,704	24,021,669	21,068,157	919,381,945	814,483,921				
Work.....	832,480	475,260	704,612	405,978	1,537,092	881,238	1,020,950	677,083	2,558,042	1,558,321				
Grand Total.....	598,863,093	525,724,732	298,034,275	268,572,270	896,897,368	794,297,002	25,042,619	21,745,240	921,939,987	816,042,242				

PASSENGER TRAIN CAR MILEAGE

Class of Service	Passenger		Sleeper, Parlor and Observation		Dining		Other		Total Passenger Train Car Mileage	
	1934	1933	1934	1933	1934	1933	1934	1933	1934	1933
Freight Train.....	2,988,535	2,861,117	158,718	121,206	24,694	17,711	3,704,157	3,179,897	6,876,104	6,179,931
Passenger Train.....	36,505,183	34,249,020	32,743,492	32,852,935	4,450,206	4,342,264	39,700,444	38,634,793	113,399,325	110,079,012
Mixed Train.....	5,680,298	5,608,264	784,753	627,039	1,847	1,081	3,922,203	3,749,813	10,359,101	9,986,197
Special Train.....	68,749	42,126	17,940	28,623	113	4,835	11,706	47,311	122,895	122,895
Unit Cars and Trailers.....	2,565,954	2,699,184	103	154	70	184	112,416	120,301	2,678,543	2,819,823
All Transportation Services.....	47,808,719	45,459,711	33,705,006	33,629,957	4,476,930	4,366,075	47,450,926	45,732,115	133,441,581	129,187,858
Work Service.....	29,820	22,513	1,034	18,700	30	127	28,247	12,804	59,131	54,144
Grand Total.....	47,838,539	45,482,224	33,706,040	33,648,657	4,476,960	4,366,202	47,479,173	45,744,919	133,500,712	129,242,002

STATISTICS OF RAIL-LINE OPERATION

	Year 1934	Year 1933	Year 1933
AVERAGE MILEAGE OF ROAD OPERATED	23,675.91	23,743.11	
FREIGHT SERVICE:			
Tons—Revenue Freight.....	36,966,232	31,368,058	26.65
Tons—Non-Revenue Freight.....	7,753,245	6,503,143	5.87
Tons—Total.....	44,719,477	37,871,201	13.48
Ton Miles—Revenue Freight.....	12,949,545,743	11,550,194,043	2.65
Ton Miles—Non-Revenue Freight.....	1,644,872,915	1,283,211,921	516.32
Ton Miles—Total.....	14,594,418,658	12,833,405,964	573.92
PASSENGER SERVICE:			
Passengers Carried—Revenue....	10,079,911	9,434,812	587.15
Passenger Miles—Revenue.....	723,058,814	664,977,117	6.74
REVENUES AND EXPENSES:			
Freight Revenue.....	\$126,118,275.43	\$112,319,218.48	2.46
Passenger Revenue.....	16,331,228.94	15,032,431.69	35.87
Passenger Service Train Revenue.	29,725,124.93	27,879,006.83	\$5.04
Operating Revenues.....	164,902,501.66	148,519,742.43	\$1.62
Operating Expenses.....	151,936,078.56	142,812,559.22	\$3.64
Net Operating Revenues.....	12,966,423.10	5,707,183.21	\$3.50
AVERAGES PER MILE OF ROAD:			
Freight Train Miles.....	907	804	21.90
Passenger Train Miles.....	740	744	24.34
Mixed Train Miles.....	176	171	\$0.21388
Special Train Miles.....	1	1	
Transportation Service Train Miles	1,824	1,720	
Work Train Miles.....	55	36	8.42
Locomotive Miles—Transportation	2,314	2,143	\$0.20056
Freight Service Car Miles.....	38,832	34,304	
Passenger Service Car Miles.....	5,636	5,441	
Freight Revenue.....	\$5,326.86	\$4,730.62	350.31
Passenger Service Train Revenue.	\$1,255.50	\$1,174.19	212.15
Operating Revenues.....	\$6,964.99	\$6,255.28	326.35
Operating Expenses.....	\$6,417.33	\$6,014.91	71.73
Net Operating Revenues.....	\$547.66	\$240.37	\$3.41172
Ton Miles—Revenue Freight.....	544,722	484,397	\$0.00974
Ton Miles—All Freight.....	614,196	538,442	\$1.62018
Passenger Miles—Revenue.....	30,540	28,007	\$0.02259
			92.14%
AVERAGES PER LOADED FREIGHT CAR MILE:			
Ton Miles—Revenue Freight.....	21.57	21.57	
Ton Miles—All Freight.....	24.32	24.32	
Freight Revenue.....	\$0.21096	\$0.21096	
AVERAGES PER CAR MILE—PASSENGER:			
Passenger Miles—Revenue.....	8.88	8.88	
Passenger Revenue.....	\$0.20056	\$0.20056	
MISCELLANEOUS AVERAGES:			
Miles Hauled—Revenue Freight.....	350.31	350.31	
Miles Hauled—Non-Revenue Freight.....	212.15	212.15	
Miles Hauled—All Freight.....	326.35	326.35	
Miles Carried—Revenue Passengers.....	71.73	71.73	
Revenue per Ton of Freight.....	\$3.41172	\$3.41172	
Revenue per Ton Mile of Freight.....	\$0.00974	\$0.00974	
Revenue per Passenger.....	\$1.62018	\$1.62018	
Revenue per Passenger Mile.....	\$0.02259	\$0.02259	
Operating Ratio.....	92.14%	92.14%	

EMPLOYEES AND THEIR COMPENSATION

	1934	1933	Increase	% Increase
Average Number of Employees.....	74,774	70,625	4,149	5.87
Total Payroll.....	\$98,408,102.00	\$95,632,076.00	\$2,776,026.00	2.90

DISTRIBUTION OF THE DOLLAR

	Operating Revenue Dollar 1934	1933	Operating Expense Dollar 1934	1933
Labour.....	.5578	.6035	.6054	.6276
Fuel.....	.0892	.0850	.0968	.0884
Other Expenses.....	.2744	.2731	.2978	.2840
Total Operating Expenses.....	.9214	.9616	\$1.00	\$1.00
Available for Taxes and other Accounts.....	.0786	.0384		
Total.....	\$1.00	\$1.00	\$1.00	\$1.00

Maintenance of Way Accounts.....	.2034	.2046	.2208	.2127
Maintenance of Equipment Accounts.....	.1975	.2061	.2144	.2144
Traffic Accounts.....	.0290	.0337	.0315	.0351
Transportation Accounts.....	.4412	.4615	.4789	.4799
Miscellaneous Accounts.....	.0061	.0067	.0066	.0070
General Accounts.....	.0465	.0510	.0504	.0530
Transportation for Investment—Cr.....	.0023	.0020	.0026	.0021
Total Operating Expenses.....	.9214	.9616	\$1.00	\$1.00
Available for Taxes and other Accounts.....	.0786	.0384		
Total.....	\$1.00	\$1.00	\$1.00	\$1.00

OPERATED MILEAGE, DECEMBER 31, 1934

Territory	*Mileage owned by Constituent Companies					Mileage of Lines under Lease or Contract				Mileage of Trackage Rights				Total Road Mileage				Spurs, Sidings and Yard Tracks
	1st Main Track	2nd Main Track	3rd Main Track	4th Main Track	1st Main Track	2nd Main Track	1st Main Track	2nd Main Track	3rd Main Track	4th & Other Main Track	1st Main Track	2nd Main Track	3rd Main Track	4th & Other Main Track	Miles	Miles	Miles	
Eastern Lines.....	3,250.16	45.85			6.41		82.92											857.45
Central Region (Exc. Lines East of Levis)	7,167.47	716.45	14.83	9.82	341.11	9.31	18.20	12.51	2.13	4.10	7,526.78	738.27	16.96	13.92				2,580.98
Western Region.....	10,964.34	104.71			383.65	4.29	58.75	25.18			11,406.74	134.18						2,550.06
Grand Trunk Western Lines.....	905.67	363.18	10.56		60.06	0.03	40.93	6.33	1.36	0.99	1,006.66	369.51	11.92	0.99				813.34
Central Vermont Lines	271.18	0.63			125.18		58.79	32.75			455.15	33.41						165.28
*Total Mileage.....	22,558.82	1,230.82	25.39	9.82	916.41	13.63	259.59	76.77	3.49	5.09	23,734.82	1,321.22	28.88	14.91				6,967.11
Lines in Canada.....	21,150.97	866.44	14.83	9.82	574.42	12.49	151.72	32.18	2.13	4.10	21,877.11	911.11	16.96	13.92				5,819.33
Lines in United States	1,407.85	364.38	10.56		341.99	1.14	107.87	44.59	1.36	0.99	1,857.71	410.11	11.92	0.99				1,147.78

*Electric Lines not included.

